Achieving Our “Second Foundation” and Increasing

The Thinking Behind Our Second Foundation
Here in the Fujifilm Group, we are all working together to build a new strengthened business structure aimed toward our “Second Foundation” amid the major changes transcending predictions such as the digitalization of photographs. We are supported by many stakeholders including customers, photo lovers, shareholders, investors, employees, local communities and business partners. We must appropriately respond to changes in the business environment and society, while meeting the expectations and demands of these stakeholders, in addition to contributing to society. The significance of our devotion to achieving our Second Foundation can be seen here.

Structural Reform and Strengthening of Consolidated Management
In 2004, we formulated the VISION75 medium-term business plan aimed at the fiscal year 2009, which marks 75 years since the company was founded. We have been conducting this plan through structural reforms while focusing our management resources on existing business growth and on new fields of business. Structural reforms do not simply involve cutting back on staff. We seriously worked to find out how important management resources can be effectively and efficiently redistributed. However, it was by no means an easy decision to reduce what used to be core businesses and streamline organizations. Nevertheless, we believe that having the courage to carry out our Second Foundation is the real message we want to convey to the people working with us. Without such reforms, we are unable to display the social value of the company. Looking back over the fiscal year 2006, the VISION75 (2006) plan progressed smoothly, and we were able to achieve results surpassing original targets. This was made possible with the cooperation of many people such as employees, business partners and customers. We believe that we have been able to convert our business structure into one that will provide stable profits in the future with the cooperation of these people.
On October 1, 2006, the Fujifilm Group switched to a holding company structure, and this is aimed at strengthening fair and effective consolidated management in order to reinforce the new business structure to ensure the success of the Second Foundation under FUJIFILM Holdings Corporation, which oversees various group companies centered on FUJIFILM Corporation and Fuji Xerox Co., Ltd. Furthermore, in February 2007, the head office functions of FUJIFILM Holdings Corporation, FUJIFILM Corporation and Fuji Xerox Co., Ltd. were moved and concentrated at Tokyo Midtown located in Roppongi, Tokyo. This will enable us to create synergies through mutual collaboration, to strengthen investment in key business fields to achieve “further promotion of growth strategies” and “creating a robust corporate constitution” that are the key issues in the VISION75 (2007) medium-term business plan that was reformulated this fiscal year, and to quickly and boldly promote the “Slim & Strong Drive” for rationalizing the way we work.

I believe that the company can be made stronger and the corporate culture transformed if each person is a strong individual and the teams, groups, divisions, and business organizations made up of the individuals are “strong organizations.” In order to ensure the Second Foundation succeeds and advances further, I would like to give attention to management that seeks to find harmony between the individual and the organization.

What is Corporate Value?
The objective of management is to increase corporate value. It is my belief that this does not simply mean increasing earnings, but also making contributions to the advancement of society and culture; by contributing to key social issues such as environmental issues including global warming, and having collective strength able to meet the needs and expectations of society. It is necessary to have collective strength that goes beyond simple capabilities and assets. I believe that, collective strength, as a company is created by technology, quality and excellent service exceeding the expectations of society.

Gaining the unwavering trust of society is what truly increases corporate value. Based on this approach, the Fujifilm Group established a new Corporate Philosophy and Vision in April 2006, and completely revised the Fujifilm Group Charter for Corporate Behavior and Code of Conduct in April 2007. The implementation of the Second Foundation signifies our approach to what a company recognized by society is, the direction it should head, and the action it should take.

What is CSR for the Fujifilm Group?
In this way, the Fujifilm Group has faced business conditions head-on while questioning our reason for being and incorporating CSR into our medium to long term business plans. We always give consideration to the economy, society and the environment. The Fujifilm Group’s approach to CSR is to faithfully and fairly perform the roles given to each individual and organization, take a stance of contributing to society and reflect on our actions to ensure we do not become self-righteous. Our CSR is implemented in management and the conducting of business, with CSR present in the activities of each and every employee.

Recently, we changed the name of the Japanese report on our CSR activities from “Social and Environmental Report” to “Sustainability Report.” The essence of the thinking behind our Second Foundation is the sustainability of the company and the sustainability of society. I hope that all of our stakeholders accept that the change in the name of the report represents our thinking. We would like to continue frank dialogue with our stakeholders to continually improve upon our CSR activities for the development of a sustainable society.

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

FUJIFILM Holdings Corporation Sustainability Report 2007 is the first edition of the report to be issued under FUJIFILM Holdings. FUJIFILM Holdings provides support to the CSR (Corporate Social Responsibility) activities of the Fujifilm Group. We have put together this Sustainability Report to convey the CSR activities of the Fujifilm Group to its stakeholders.

In the Feature (P.9-26), we introduce the efforts being made for “Enhancing Quality of Life,” which is part of our corporate philosophy. In “Toward Sustainable Development” (P.27-28), we introduce the “Fujifilm Group’s Approach to CSR” and provide a report on our CSR efforts, organized into three sections — “CSR Management,” “Social Activities Report” and an “Environmental Activities Report” — that respond to comments from our stakeholders, centered on the progress we have made this year.

[CSR Activities and their Relationship with the Preparation of this Report]
In the Fujifilm Group, we utilize the AA1000 framework to collaborate in CSR activities and the preparation of this report, as shown in the diagram below. For example, suggestions for improvements made by third-party organizations are used to promote CSR activities within the group. The report has been prepared based on communication through much dialogue with stakeholders such as employees and information on CSR activities obtained through hearings in the group’s various divisions.

The content of the report, including information on CSR activities has been checked by third-party organizations before being provided to stakeholders.

[Utilization of the AA1000 Series]
Since 2003, the Fujifilm Group has conducted CSR activities and disclosed information while referring to the approach of the AA1000 Series. The AA1000 Series is made up of standards and guidelines aimed at providing the basis for improvement of sustainable performance by the organization.

The Fujifilm Group would like to improve sustainable performance and enhance CSR efforts through a commitment to being comprehensive in implementing the entire AA1000 Series and consideration of the three principles of importance, completeness and responsiveness. We have made these efforts, and have been subject to evaluations from third parties from the perspective of AA1000 assurance standards (P.87-88).

[Period Covered by the Report]
The fiscal year 2006 is covered in the performance data (April 2006—March 2007). Wherever possible, we have conveyed the most recent trends including activities in the fiscal year 2007.

[Organizations Covered by the Report]
The Fujifilm Group (FUJIFILM Holdings, Fujifilm, Fuji Xerox and their affiliates) and major consolidated companies shown on page 6.
- The Social Report “Relationship with Employees” basically covers data on Fujifilm.
- Sustainability accounting covers Fujifilm, Fuji Xerox and the domestic affiliates of Fujifilm shown on page 82.

[Referenced Guidelines]
- GRI: Sustainable Reporting Guidelines 2006
Disclosure of information on CSR activities

Website: “CSR Activities” http://www.fujifilmsustainability.com
Brochure: “Sustainability Report” (Japanese/English/Chinese)
(Main readers targeted: institutional investors, specialists such as evaluation organizations and all stakeholders)

IR disclosure (financial information)

Website: “Shareholder and Investor Information” http://www.fujifilmsustainability.com
Brochure: “Annual Report” (Japanese/English)
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 society. In addition, contributing to the improvement of people’s health and conserving 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 Financial Performance in the Fiscal Year 2006]

From the fiscal year 2005 to the fiscal year 2006, we conducted bold structural reforms pivoting around the Imaging Solutions Segment. Specifically, in the field of photosensitive materials such as color film, we have reorganized our production organization, streamlined personnel, thoroughly reduced expenses, reduced R&D investment and promoted the consolidation of laboratories; effectively changing the structure of our operations to be able to ensure stable earnings in the future and taking steps to optimize the business to suit the current imaging market.

We have actively conducted M&As, capital investment and R&D investment in Medical Systems / Life Sciences, Graphic Arts, Documents, Optical Devices and Highly Functional Materials such as flat panel display materials and inkjet materials, which we have designated as priority business fields. We are conducting R&D mainly in Fujifilm Advanced Research Laboratories, established in April 2006, to quickly create new businesses and new products that will play significant roles in the future.

Although revenue from the Imaging Solutions Segment decreased, significant increases in revenue from the growing Information Solutions Segment and increases in the Document Solutions Segment, due to solid sales of multifunction devices overseas, resulted in consolidated net sales for the Fujifilm Group in the fiscal year 2006 (April 1, 2006 – March 31, 2007) rising 4.3% over the previous fiscal year to ¥2,782.5 billion.

In addition to increased costs stemming from rises in prices of raw materials such as silver and aluminum, ¥94.1 billion in expenses were recorded due to structural reforms implemented in the Imaging Solutions Segment and the Slim & Strong Drive that was initiated throughout the entire group in the latter half of the fiscal year 2006. However, this was absorbed by increased sales volume and reduced fixed expenses, resulting in operating income increasing significantly by 60.5% over the previous fiscal year to ¥113 billion. Despite unrealized losses on investment securities, pretax income rose 29.7% to ¥103.2 billion. Net income declined by 6.9% to ¥34.4 billion due to increases in income taxes.

[Company Profile]

Company Name: FUJIFILM Holdings Corporation
Representative: Shigetaka Komori
Headquarters: 9-7-3 Akasaka, Minato-ku, Tokyo 107-0052
Date Established: January 20, 1934
Capital: ¥40,363 million (As of March 31, 2007)
Consolidated Employees: 76,358 (As of March 31, 2007)
Consolidated Subsidiaries: 227 (As of March 31, 2007)

Fuji Photo Film Co., Ltd. changed its name to FUJIFILM Holdings Corporation on October 1, 2006, and the operations of Fuji Photo Film Co., Ltd. have been succeeded by FUJIFILM Corporation.
The Imaging Solutions Segment handles color film, digital cameras, photo finishing equipment, and color paper, chemicals, services for photofinishing.

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

The Document Solutions Segment handles office copy machines/multifunction devices, printers, production systems and services, paper, consumables, and office services.
The Unwavering Values of the 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.

The Shape the Fujifilm Group Aims for

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.

Feature: Enhancing Quality of Life

“Enhancing Quality of Life” is part of the Fujifilm Group’s Corporate Philosophy. The enhancement in quality of life as envisaged by the Fujifilm Group involves the creation of a sustainable society providing a richer feeling in not only the material aspect, but also the mental aspect of people’s lives. With the aim of “enhancing the quality of life of people,” our corporate philosophy is manifested in activities carried out in accordance with three themes: “Enhancing Quality of Life through Products and Services,” “Enhancing Quality of Life through Our Relationship with Society” and “Pursuing Quality of Life through Communication.”
Feature: Efforts to Improve Quality of Life

Enhancing Quality of Life through Products and Services

11 Absorption and Permeation for Healthcare
12 Making Prints at Convenience Stores
13 Striving to Enhance the Health of People Everywhere

Enhancing Quality of Life through Our Relationship with Society

15 Fostering Culture to Provide Value to a Broad Range of People
16 JOHO-JUKU Information School Stimulating Creativity
17 "Mirai (Future)" Green Map
19 International Resource Recycling System
21 Business Endeavors to Create a Recycling-based Society

Pursuing Quality of Life through Communication

23 Social Contributions Forum
24 Environmental Forum
25 Factory Operations and Working Together with Local Communities

Activities Manifesting the Corporate Philosophy
Absorption and Permeation for Healthcare

Non-nanosized astaxanthin solution

Large particles result in opaque appearance. Does not permeate easily into skin.

The small particles attract each other, join and become bigger, resulting in lowered permeability and absorption.

Nanosized astaxanthin solution

Minute particles result in near transparency. Permeates easily into skin.

Fujifilm has coated the particles with a soft ultra-thin membrane, like a soap bubble, to prevent the joining of particles and improve permeability and absorption.

Making Our Bodies Healthy Inside and Out

Healthcare is an important issue in our everyday lives, and health trends are continuing to show robust growth. At Fujifilm, we are always aiming to become increasingly engaged in enhancing people’s quality of life, and we have entered the healthcare field and begun marketing supplements and cosmetics.

Creating effective applications from the diverse and original core technologies accumulated through our many years of pioneering work in the photography field, Fujifilm proposes unique products that are easily distinguished from those of other companies. To state one example, the main raw material of photographic film is composed of the same collagen that is contained in skin. The fading of colors in photographs is caused by oxidation, which also causes the discoloration and aging of our skin. We have a wealth of research achievements and know-how at our disposal in collagen-handling technologies and antioxidant technologies.

Two factors that we emphasize in product development are permeability and absorption. Regardless of what exceptional substances may be extracted, if permeation and absorption are inadequate or ineffective, good results cannot be expected. Therefore, we have formulated an original technology concept known as FTD. An approach for extending effectiveness, FTD signifies functionally combined substances and materials (Formulation), which are aimed accurately at body locations while in a fresh and stable state (Targeting) and conveyed in proper quantities and with appropriate timing (Delivery). FTD requires advanced nanotechnology for the management of minute materials. This concept has been realized in the form of actual products and is the real-world execution of a uniquely Fujifilm value proposal.

Astaxanthin, a carotenoid red pigment extracted from Haematococcus algae, is a naturally-occurring substance found in abundance in sea creatures such as salmon, shrimp and crabs. With antioxidant skin benefits 10 times that of beta-carotene and 1000 times that of vitamin E, astaxanthin has been receiving attention as an anti-aging skincare ingredient. Due to its sedimentation and fishy smell, astaxanthin is extremely difficult to process as an ingredient in products that are drunk or applied on the skin. At Fujifilm, we have mastered the characteristics of the material with our proprietary technology and dissolved astaxanthin components down to the nanometer level via emulsification and dispersion techniques, thus enabling thorough absorption into the body and accessibility to the public in the form of healthcare products that harness this excellent source of protective power provided by nature.

At Antenna Shop at Tokyo Midtown

Drawing on my experience in supplement development, quality assurance and the launch of a new call center, and taking advantage of my work in product development, I am now working in call center management/maintenance and product planning. With regard to working in a new field, everyone here feels highly motivated and undertakes tasks wholeheartedly. There are many women in the workplace, and the atmosphere ripples with energy. Comments from customers are handled using a system put in place to assure clear and specific responsiveness. For example, when receiving requests regarding packaging and pricing concerns, or methods of payment and ordering, our response policy is to provide improvement options. In answer to demands to try out our products, we have launched our Antenna Shop (P15). Responding to requests for detailed information on the components of the supplements, we have added information on the packaging, and on our website we have disclosed a detailed list of components and amounts contained in milligrams. Future projects include providing conscientious aftercare for customers who purchase our products, and creating a structure for collecting a wide range of customer viewpoints. In the future, I hope to see Fujifilm’s diverse technology lead to more valuable proposals, and also lead to the happiness of our customers through the strengths of our reliable, safe and sincere business structure.

This is only my frank viewpoint as a company employee who uses company products, yet I have to say that when I wondered “What does it feel like?” and then tried out a test sample for the first time, I was amazed by the incredible degree of permeability. It was exciting to witness the realization of Fujifilm’s proprietary technology in the familiar form of a cosmetic, and at the same time to be able to experience the fruits of that technology myself. I was extremely satisfied with the usability and effect, so I distributed over 700 test samples to my family, friends, neighbors, the tennis team I belong to and the local community tennis clubs. Married women who enjoy sports (including myself) are particularly aware of the discoloration and wrinkling caused by exposure to the sun, and when people tried the products, there were many satisfied responses about the effects. A common request was that we seriously consider a way of making it easy for the elderly to make orders. I think that healthcare is an appealing and meaningful field, and I have high hopes for the increased participation of women. In the future, I hope to see more proposals for unique and wonderful products, and to thereby spread health and happiness, both in our company, and to the general public.

Products data

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<tr>
<th>Astaxanthin formulations</th>
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<th>Drink (center)</th>
<th>Supplement (right)</th>
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FUJIFILM Corporation
Life Science Products Division
Kumiko Ujiie

FUJIFILM Corporation
Research & Development Management Headquarters, Administration Division
Hidemi Tomono
Offering Value in Familiar Everyday Life Situations

With the diversification of people’s lifestyles, values and the desire for convenience in our world today, convenience stores have become something that we cannot live without. Keeping up with customer’s needs and the changing times, a great variety of services are now available at convenience stores. Fuji Xerox’s multi-use copy machines are currently active at approximately 11,000 Seven-Eleven stores throughout Japan. In 2000, based on Fuji Xerox’s past achievements in the building of networks in office settings, we successfully introduced the first Fuji Xerox multi-use copy machines in approximately 7,000 Seven-Eleven stores. It started when Internet use at convenience stores became more frequent. Until that time, Fuji Xerox had been concerned primarily with customers in office settings, and the entry into a new field—the distribution industry—was the launching of major project. Then, in November 2004, the self-service digital camera photo print-capable “New Multi-Use Copy Machine,” a convenience store industry first, was introduced. This machine was developed jointly by Seven-Eleven Japan and Fuji Xerox, incorporating Fujifilm’s peerless photo printing technology and undertaking improvements of such aspects as an easy-to-use control panel interface, as requested by numerous customers. As convenience stores in particular are patronized by a wide range of customers of all ages, special design considerations were taken into account with regard to concerns of understandability and safety. We are making every attempt to address the concerns of universal design, including the use of large-size text and easily distinguishable colors on the control panel to enable usage by people with poor eyesight, an external design that takes safety into account with the rounding off of sharp parts, and a construction that prevents children’s hands from entering openings in the machine.

In January 2007, we started a new online service, the “Seven-Eleven Storefront Printing Service.” Users with computers operating Windows Vista* can easily select the photo data desired and make prints at any of the Seven-Elevens in Japan. It is possible, for example, to send printing reservation numbers to family and friends so that photos may be printed out in distant locations. Furthermore, as payment is made at the time of printing, usage is possible without a credit card, and the customer may rest assured that no registering of name, address or telephone number information is necessary. Fuji Xerox is continuing to make new valuable proposals, both for office settings and for familiar everyday situations, and is utilizing the top-class technology of its digital full-color multifunction devices to bring about improvements in our quality of life.

* A menu for accessing the “Seven-Eleven Storefront Printing Service” is available in the Windows Vista “Start” menu.

The response to our “Seven-Eleven Storefront Printing Service” has been immense, and we are really feeling the results. Currently, when ranking the usage applications of our multi-use copy machines nationally, copying comes in first place and digital printing comes in second—a very favorable response. One great advantage of working with the Internet is the capability, which we have now with Storefront Printing, for the customer to output photo data via the Internet onto any multi-use copy machine in Japan. An even bigger benefit is that the improvement of software aspects (the touch-sensitive control panel, etc.) can be carried out with greater speed and flexibility. We can upgrade the software on all our machines throughout the country at the same time. This makes it possible to reduce the frequency of engineers being dispatched for customer service, so we are able to lower the environmental burden. As well, we can take advantage of the Internet to collect data regarding which stores and services are being used—which is useful for our market analysis. I have the real sense that by using Fuji Xerox’s skills in building networks, we can provide our customers with true value. I am looking forward to achieving greater progress with internet-based services in the future.
Fujifilm's Interest in the Medical Sector Begins with X-ray Film

Striving to End Breast Cancer: We Support the Pink Ribbon Movement

It is said that one in 30 Japanese women will contract breast cancer and the number of women dying from this disease is rising year by year. However, if detected at an early stage and treated, about 90% of such cases can be cured. With self-examination and regular image diagnosis checkups using mammography (breast X-ray), and ultrasound devices, the rate of early-stage detection will improve. Fujifilm was an early supporter of breast cancer diagnosis through its research in image processing, and first became involved in the medical sector as a provider of x-ray film. In 1983, we succeeded in commercializing FCR (Fuji Computed Radiography), the world’s first system capable of digitizing x-ray images, and since that time Fujifilm has been a leader in the field of digital medical image diagnosis. At the same time, we have been participating in the Pink Ribbon movement—spreading the message of the necessity of breast cancer diagnosis both to citizens and to medical institutions and we are engaged in consciousness-raising activities to promote early-stage detection. As part of the Pink Ribbon movement, we are developing activities to aid in the understanding of mammography diagnosis, in hopes of raising awareness and concern among women with regard to breast cancer and increasing the rate of early-stage detection and treatment.

Contributing to Medical Care through Stable Product Supply

The Need for Rapid and Reliable Supply of Radioactive Pharmaceuticals

In many medical facilities today, diagnosis is often carried out with radioactive pharmaceuticals (testing agents containing radioactive isotope-emitting radiation), and this method of testing has become indispensable. Remarkable advancements are being made in nuclear medicine diagnosis, and many radioactive pharmaceuticals are being developed as well. These technologies and products are utilized in medical care situations for diagnosis and decisions regarding courses of treatment. FUJIFILM RI Pharma contributes to the medical care of many people via maintaining a stable supply of the radioactive pharmaceuticals that are of service in the nuclear medicine field. The level of radioactivity in radioactive materials weakens with time. With the passage of a few hours or days, the level decreases by half, and detection time becomes too long. In order to fulfill the stable, rapid and reliable supply necessary for radioactive pharmaceuticals, we have created an integrated supply system, including all stages of processing, from procurement to order acceptance, manufacturing and distribution. Orders received in the evening are processed immediately, and products manufactured at FUJIFILM RI Pharma’s Chiba Factory are delivered across Japan the following morning. We believe that FUJIFILM RI Pharma has a great role and responsibility to fulfill—from its advancements in medical diagnosis that contribute to the future of all, to the prevention of diseases—and further, into every area of medicine.
DNA Isolation in 6 Minutes

Our "Automated Nucleic Acid Isolation Systems" Support Life and Safety-related Research

DNA testing is now in common use across a wide spectrum of fields, including medicine, life sciences, food products, agriculture, livestock, criminal investigation and personal identity confirmation. The performance of DNA testing necessitates a pretest procedure of extracting DNA from samples of blood or other cells. As conventional DNA isolation requires manual procedures such as precipitation, centrifugation and washing, it has created a great burden on university researchers and inspection agencies alike. Exploiting Fujifilm's life science technology, we have succeeded in commercializing systems that automate DNA isolation procedures. With our automated nucleic acid isolation system QuickGene-810, we have achieved the rapid processing times of 6 minutes for DNA (deoxyribonucleic acid) extraction and 13 minutes for RNA (ribonucleic acid) extraction. Providing stable DNA testing environments that are rapid and safe, we are contributing our support to a wide scope of research and testing concerns relating to human life and safety.

Aiming for Implementation within Five Years
Cancer Treatments Developed with Easily-Absorbed Gelatins and Taking Advantage of Nanotechnology

Taking advantage of the nanotechnology prowess born out of our film manufacturing, Fujifilm is developing an ointment technology that extends the effectiveness of anticancer drugs. We are aiming to begin clinical studies in the U.S.A. in 2 years and to start implementation within 5 years. The ointment uses the same gelatin that is the main material used in our film. Using recombinant microorganisms, we have succeeded in the development of a gelatin that is easy for the body to absorb, and we are applying it for use in cancer treatment. This gelatin differs from the common cow-derived type, and there is no danger of infection from bovine spongiform encephalopathy (BSE). The gelatin is made into minute particles of approximately 100 nanometers in diameter and imbued with an anticancer agent. When applied to the skin, the components of the drug are exuded gradually and the effect of the drug is maintained. For cancers developing at points near the surface of the body, the anticancer agent can reach the affected part directly, so repeated intravenous treatments or injections are unnecessary. As there is the prospect of lower side effects than possible with injection treatment, which spreads anticancer agents throughout the body, we are aiming to contribute this technology to the prevention and treatment of diseases, and we are moving ahead toward implementation.

Our Concept of “Minimum Burden on Humans”
The Realization of an “Easy on the Patient” Endoscope Insertable through the Nasal Passage

Fujinon, the arm of the Fujifilm Group responsible for the development of optical lenses and high-vision cameras, is also developing endoscopes and other medical equipment. The “transnasal endoscope,” which was commercialized in 2003, is a revolutionary product with a superfine 5.9 millimeter diameter that realizes the concept of “Minimum Burden on Humans” and can be inserted through the nasal passage. Starting with a special lens of 1 millimeter in diameter, the Fujifilm Group’s optical and digital imaging technologies were exploited to their fullest in order to produce a commercial product with minimum burden on Humans. As conventional types of orally-inserted endoscopes usually have a tube thickness of around 9 millimeters, anesthesia is necessary when inserting through the mouth. Moreover, there are patients who, on having the endoscope passed through the throat, have had to deal with vomiting, discomfort or tears. Some of these people later become fearful or resistant of re-examination, and some of them even avoid examination altogether. The nasally-insertable endoscope, however, contributes to medical care that is easy on the patient, with greatly reduced sensations of vomiting and other discomfort, and there is a feeling of security from being able to communicate verbally with the physician during the examination. Inquiries for the hospitals that have adopted “transnasal endoscope” are increasing every year, and 93% of those who have experienced the transnasal endoscope request for future examination to be performed via the nasal passage.

DNA Isolation in 6 Minutes

QuickGene-810 Automation enables DNA isolation in 6 minutes (Manual DNA isolation takes 60 minutes)
A Space for Experiencing the Splendor of Photography

In February 2007, the Fujifilm Group concentrated the FUJIFILM Holdings and the headquarters functions of the two main operating companies—Fujifilm and Fuji Xerox—in Tokyo Midtown, and started a new endeavor.

In March 2007, Fujifilm opened FUJIFILM SQUARE, its first complex showroom centered on a photograph gallery. Various projects are being employed to enable people to experience the splendor of photography in this center for conveying information on the culture of photography that can be enjoyed by all. This also serves as a space for the many people visiting Tokyo Midtown to enjoy themselves in a relaxed atmosphere, with a variety of sections including an antenna shop selling skincare products and nutritional supplements, FUJIFILM-TOWN, which provides an interactive introduction of Fujifilm’s technology using a diorama and video, and a café where people can rest while browsing photo collections. Through FUJIFILM SQUARE, we would like to convey that Fujifilm is involved in the enhancement of quality of life not only in photos, but also in a variety of other forms. In April 2007, Fujifilm opened the Ginza Velvia-kan building on land in Ginza 2-chome Namiki Dori where Fujifilm’s headquarters was located from 1949 until 1969. Ginza Velvia-kan provides a broad range of value to the community and society based on the theme of “enabling adults to enjoy rich lifestyles” and contributes to the further development of Ginza.

The art collection of engraving that has been gathered by Fuji Xerox since 1988—as one of its acts of philanthropy—was also put on display in the Fuji Xerox Art Space that was reopened in the commercial Galleria in Tokyo Midtown. The collection has been systematically gathered to enable an overview of 20th century art, and 20-40 pieces from the collection are chosen according to themes to be put on display to provide a place for a wide range of people to encounter artistic works.

The area in and around Tokyo Midtown also includes the National Art Center, the Suntory Museum of Art and Mori Art Museum, and the area plays a role of communicating culture and art in Tokyo. We would like a variety of information to be conveyed by FUJIFILM SQUARE and the Fuji Xerox Art Space for the enjoyment of many people, and we hope they will serve as centers for fostering the culture of photography and art.
JOHO-JUKU Information Seminars
Stimulating Creativity

Provision of Programs
Leveraging Research in Our Main Business

We are continuing to operate the “JOHO-JUKU” information seminars that leverage the expertise in “knowledge” such as “information” and “know-how” that Fuji Xerox has researched for many years. JOHO-JUKU is a program for youths such as junior high school students that encourages creativity through intellectually stimulating experiences that cannot be experienced at school, and fosters the ability to generate ideas and concepts. The seminars provide practical courses using unique materials based on the research results obtained in the everyday operations of Fuji Xerox’s main business. Six years have passed since the beginning of this endeavor and because it has been well received by its participants, trial courses were started for university students in October 2006.

Course Details

JOHO-JUKU is mainly held during the spring, summer and winter holidays. Each course takes a full day—starting with self-introductions from participants, confirmation of course objectives and then practical exercises. Lectures take up 10 to 20 percent of the total time, and most of the time is allocated to practical activities where participants use their heads and hands. In addition to activities such as “Webpage Creation” and “Creation of Electronic Picture Stories” centered on individual work, “Introduction to Java Programming” was carried out in pairs and “Truck Manufacturer Management Game,” “Story Telling,” “Illustrative Presentation” and “Idea Creation and Patents” were carried out in teams with many sections involving collaboration, providing a place for students from different schools to communicate with each other.

The staff supporting the classes is made up of people that have completed JOHO-JUKU, university students and volunteers—making the seminars significant as a place for junior high school students to experience involvement with society across generational boundaries, ensuring that children completing the course do so with a feeling of satisfaction. Many participants decide to come again and many others became volunteers to provide assistance, which has led to the creation of a community centered around JOHO-JUKU.

Details on the course can be found at the website below.

URL    http://www.fujixerox.co.jp/company/juku/course.html (Available in Japanese only)

Start of JOHO-JUKU for Adults

In October 2006, a JOHO-JUKU for adults was held utilizing past management skills and based on the results. The first session titled, “Let’s Think about Creativity” was made up of a program considering “What is Creativity?” and the “Requirements of Creativity” reviewing the environment for encouraging the creation of ideas and the techniques used for conceiving them, in addition to actual “Conceptualization Practice.” We received many responses from participants such as “I was able to experience a variety of concepts without being fettered by stereotypes,” and the seminar has gained recognition for stimulating creativity. The “Multilevel Workgroup 2006” class (learning about multilevel representation techniques in the three major artistic fields of literature, music and art) was also held for participants in and after university, based on the research on “multilevel representation of information” currently being conducted by Fuji Xerox.
“Mirai (Future)”
Green Map

Create an Environmental Map of Your Local Neighborhood Using Universally Understood Pictograms and Symbols!

The Green Map project was a global initiative to create environmentally themed maps using a set of universally understood “Green Map Icons.” Started in New York in 1992, there have now been green maps made in over 50 countries around the world. One of the main features of Green Maps is that local members of the general community individually collect information about the local environment in which they live, then come together to organize the information into a single map. Given the open and free format for the green map project, there are often times when children and youngsters notice things overlooked by adults. In the summer of 2004, a Mirai Green Map project (mirai is Japanese for “future”) was launched, providing a unique opportunity for kids from across Japan to make their own green maps based on details personally gathered about their surrounding environment and then they sent the maps to the Green Map office for publication on the internet. Based on a team built around Dr. Masahiro Horihuchi of Tama Art University, who originally came up with the idea for the Mirai (Future) Green Map project, the project also provided an opportunity for collaborative research between Tama Art University and Fujifilm.

To participate in the Mirai (Future) Green Map project, participants were first required to order a starter kit from the Mirai (Future) Green Map website, which included instructions about the meanings of map icons and how to make a green map. Participants would then actually venture outdoors to make their map, where they could learn about local history, culture and nature while experiencing their surrounding environment first hand. Next, by organizing what they learned into an actual map using the green map icons, participating kids also learned skills for oral and visual communication. Once received by the Green Map office, publishing the completed maps online also gave many participants a great sense of accomplishment. By providing such opportunities to local youth, Fujifilm aims to make a lasting contribution to society by sharing the significance of environmental education with future generations.

Example of Green Map Icons
The Mirai (Future) Green Maps provides 125 universally understood icons in an icon tool set like the one below. The icons are classified into several categories like culture, life, vegetation, animals, resources, pollution and transportation.

Bring Mirai (Future) Green Maps to Your Neighborhood!
Please visit the Mirai Green Map website to order your starter kit.
URL: http://miraigreenmap.jp/ (Available in Japanese only)

A Green Map Example
This Green Map was made by Ms. Midori Kato, a 5th grader at Yushu Minami Elementary School in Chiba Prefecture’s Ichihara City.

Mirai Green Map Office
Tama Art University Industry-University Joint Research Project Horiuchi Laboratory
TEL: 03-3702-1141 Email: info@miraigreenmap.jp
URL: http://miraigreenmap.jp/ (Available in Japanese only)
Let’s hear what members from the Horiuchi laboratory had to say about the Mirai Green Map project during their visit to Fujifilm Headquarters.

Dr. Horiuchi:

I came up with the idea of the Mirai (Future) Green Map project in order for the kids and youngsters that are going to be tomorrow’s leaders to realize for themselves what is important for maintaining a healthy environment into the years to come. This is why I chose an approach where participants could notice something by actually experiencing the surrounding environment first-hand, instead of merely passing on the knowledge intellectually. Also, no one would understand the significance of what they are observing if they just looked at things in an ill-defined manner without any direction. This is where the green map icons come in. They provide tools for comprehending the environment being observed. Participants first write down whatever comes to mind. Then, the green map icons are placed on the map so that students can grasp the positive and negative aspects about the environment in their local community.

We successfully completed the Mirai (Future) Green Map project as part of an environmental education program but we really hope the program gains additional attention and broadens in appeal. Our next steps are to improve the design of the starter kit to gain the attention of more youth and we are working on improving the green map website by adding more visual affects to make it easier to understand. Upon reviewing how the project was announced, we found that a mail magazine format garnered a more positive response than typical hardcopy paper formats, so we plan on using a range of formats for future announcements.

There were quite a few cases where starter kits were sent but no green maps were created, or the green maps were created but not mailed to our office, so we surmised users and noticed that submission rates increased when we supplied an envelope with postage paid in advance. We now realize that it is important to take care of these finer details in the future.

Initially, I envisaged the Mirai (Future) Green Map project as a summer homework project for students to complete on their own, but we’ve seen an increase in cases of teachers that are enthusiastic about environmental and information-sciences education introducing green maps into their regular school curriculum. Also, we heard from many elementary schools that less and less total study hours are being used for education about the environment or surrounding region. The green maps, however, can be incorporated as a map building exercise for classes on life sciences, social studies, geography or sciences, and we plan on selecting a few model schools to investigate this further. In an effort to widen the reach of green map educational initiatives at schools, we are also building a teacher’s manual based on feedback from teachers, as well as providing more information on the green map website.

Ms. Yamamoto and Ms. Sugimura:

The Mirai (Future) Green Maps can be made by students as an independent research project during their summer vacation, and I think quite a few participants made many more new discoveries by doing this as a team project. Several students made the maps with friends, adults, their families and school staff, or with other local community groups. We visited students at three schools to gather more information about the green map project: 2nd graders at Jinryo Elementary School, Kasugai City in Aichi Prefecture; 5th graders at Tawara Elementary School, Taito Ward in Tokyo; and 5th graders at Nohara Elementary School, Gojo City, Nara Prefecture. Looking at the Green Maps sent to our office from these locations, we visited each location wondering what sort of places they were based on. Here we learned a lot of things from teachers, mothers and kids such as how the kids decided to participate in the Green Map project, how they were engaged in the project, how they changed through the project, and how they felt about their accomplishment. In this way, we really gained an appreciation of the Green Map project as a valuable method for student enrichment education. One thing that was common among all the schools was a remarkable shift in student awareness about the environment, and we were surprised by how the students gained a positive outlook and a heightened awareness of environmental education. For example, the area in Taito Ward has very little natural vegetation, and the local ward government office is building biotopes on the roofs of public buildings. Many of the students learned for the first time about the many biotopes in their neighborhood when gathering information to make their green maps. When the students noticed a biotope project at another nearby elementary school, they became bent on building a biotope at their own school, and became determined to build biotopes on the rooftops of all elementary schools within Taito Ward. Our visits allowed us to learn about many of the different discoveries caused by the Mirai (Future) Green Map project, and this served as valuable information for many teachers and parents around the country. We would like others to learn about our experience with the Green Map project, and are in the process of making a report to be included on the green map website.
International Resource Recycling System

“Craftsmanship” and “Zero Landfill” Activities to Cut Back on New Resource Investments as Much as Possible

Efforts in Japan

At Fuji Xerox, a company-wide policy to “promote resource recycling by aiming for “Zero Landfill”*1 for all items” was initiated in order to reduce the environmental burden of Fuji Xerox products. Through this policy we are actively working to address environmental concerns as much as possible in terms of all the processes in our product’s life cycles: from planning, to design, procurement, and recycling. Starting in 1995, Fuji Xerox started to reuse various parts from copiers and other multifunction devices collected from customers for production and sales, making sure they offer the same level of quality as newly fabricated products. Parts that cannot be reused are actively recycled, and we achieved “Zero Landfill” status as of 2003 after implementing a nationwide “Zero Landfill System” in 2000.

*1 Zero Landfill: No waste materials land filled or processed with simple incineration.

Domestic Efforts during the Fiscal Year of 2006

The recycling rate for used products in Fuji Xerox was 99.99% (0.01% was from process loss) in 2006, and we are maintaining this recycling system on a national level throughout Japan. The number of units produced using reused parts was 14,000 for 2006, with the cumulative total reaching 290,000 overall. As a result, we managed to save 2,000 tons in new resource investments for 2006, which translates into a reduction of 15,500 tons of CO2 emissions.

Furthermore, in May 2006, Fuji Xerox launched a new “DocuCentre C2100” color-copier multifunction device for office applications that incorporates the latest in technology, which is the result of efforts to develop recycle-based products using reused parts guaranteed to offer the same quality as a new product. Recent years have seen a rapid switch in demand from black-and-white to color-compatible machines in the copier market, but used parts that were collected were primarily using for black-and-white machines, since differences in technical architecture prevented reuse in color-compatible machines. However, volumes of used parts collected from color machines rose in 2006. Fuji Xerox has been producing color-compatible machines since 1997, and has been working to develop product designs and manufacturing techniques aimed at driving up reuse rates for color machine parts. By combining such techniques, Fuji Xerox is pushing product planning intended to boost recovery volumes for used color-machine parts, and these efforts have paid off with the launch of the new DocuCentre C2100, a color multifunction device that contains reused parts. Outfitted with the latest in technology and offering the same level of quality as a completely new machine, the DocuCentre C2100 has been well received by a wide-range of clients, and has allowed Fuji Xerox to significantly expand levels of reused parts in our products.

Given that the primary production capacity of Fuji Xerox has been relocated to China, in April 2004 we started reusing parts from Chinese built equipment in Japan. Fuji Xerox incorporates used parts into the production lines of new equipment using unified production lines, but the lack of a production line for new equipment in Japan prevented us from using a unified production system for those parts that were made in China, yet sold in Japan. Nonetheless, operating on the principle that reusing used parts generated in Japan was mandated by our commitment to Corporate Social Responsibility as an equipment manufacturer, Fuji Xerox estab-
lished reused parts production line in Suzuka Fuji Xerox which is the largest production site in Japan for Fuji Xerox and its affiliates. Doing so allowed us to achieve the Fuji Xerox policy targets of continuing to reuse parts from used products while still maintaining Chinese production bases.

Efforts Overseas

Furthermore, in order to reduce our environmental burden overseas to the same degree as within in Japan, Fuji Xerox Eco-Manufacturing Co., Ltd. was established in December of 2004 as a recycling center in Thailand in order to run an international resource recycling system in the Asian Pacific region. Used products in nine Asian Pacific countries and territories*2 are recovered at local sales locations, before being shipped to Fuji Xerox Eco-Manufacturing for dismantling, sorting and restoration into 70 categories including steel, aluminum, optical lenses, glass, copper, etc. This new recycling system also features a tracking system that takes weight measurements at each process to prevent illegal disposal in mid-process. A basic policy and four guiding principles were developed to guide the construction of the Fuji Xerox international resource recycling system.

*2 Australia, Philippines, Hong Kong, Indonesia, Korea, Malaysia, New Zealand, Singapore and Thailand.

Basic policy for building the international resource recycling system

1. Fuji Xerox shall fulfill its responsibility as a manufacturer to avoid risk and manage factory operations.
2. Ensure uniform recycling quality through comprehensive, unilateral integration of recycling systems.
3. Reduce the environmental burden in each country and territory of operation.

Four guiding principles

(1) Prevent illegal disposal by recovering used products, which is the responsibility of the manufacturer.
(2) Do not import waste materials.
(3) Do not cause environmental burden on importing countries.
(4) Return a positive contribution to importing countries.

By strictly adhering to these four guiding principles, Fuji Xerox aims to reduce the environmental impact of our operations in the Asian Pacific region.

Efforts Overseas during the Fiscal Year of 2006

Fuji Xerox aimed for a 99.5% target recycling rate for used products, but the recycling rate for 2006 fell short at 99.1%.

Product recovery throughout the Asian Pacific region proved challenging due to differences in market structures across various countries. Since having consistent, uniform cooperation amongst the nine Asian Pacific countries and territories including Thailand is crucial to developing a smooth and uninterrupted international resource recycling system, an international resource recycling system workshop was held in Bangkok, Thailand in May 2006, where Fuji Xerox representatives from the nine Asian Pacific locations met to discuss conditions and issues unique to their respective operations. Based on these discussions, Fuji Xerox Eco-manufacturing is currently visiting various overseas sales branches to seek out ways to solve recycling related issues together with local staff. Furthermore, we would like to set our sights on possibilities in China, and delve ways to develop a “Zero Landfill” program over there.

Corporate data

Fuji Xerox Eco-Manufacturing Co., Ltd.
Location: Chonburi Industrial Estate, Sriracha, Bo Win, Chonburi, Thailand
Number of employees: 361 (as of March 2007)
Business operations: Comprehensive recycling services for used copier equipment including recovery, dismantling, and parts restoration.
Main partners: Local total management partner is MITSUI & CO. (THAILAND) LTD.
Recycling partners: 16 companies (12 in Thailand and Asia, 4 in Japan)
Processing capacity: 20k-30k machines per year; 500k cartridges per year.
Lot area: 10,400m²
Fujifilm’s “QuickSnap” Inverse Manufacturing System: Winner of the “Inverse Manufacturing Grand Prize” for 2006

Machine parts reuse and recycling initiatives got off to an early start with the QuickSnap product line, and the series was produced using an inverse manufacturing system set up in 1998 designed to comprehensively implement the 3Rs (Reduce, Reuse and Recycle). After producing QuickSnap for over 20 years, we now have LCA (Life Cycle Assessment) evaluation systems in place that are generating even further improvements in environmental performance. QuickSnap use the least number of parts as possible, and now offer other design features like interchangeable parts that can be used in other models, and designs that allow assembly without the use of screws or adhesives in order to make product dismantling easier during recycling. The rewinding knobs and front covers, which cannot be reused, are made into recyclable pellets. In the beginning of the 1990s, 36% of QuickSnap were recycled by weight, but now that figure has risen to 95%.

In 2006, the QuickSnap inverse manufacturing system was awarded the “Inverse Manufacturing Grand Prize,” which publicly recognizes achievements from various companies over the past 10 years for developing various types of inverse (circulatory) production techniques. For Fujifilm, this award is testimony to how our QuickSnap offers a superb example of inverse, recycling-oriented manufacturing that manages a product’s entire lifecycle, makes effective use of resources and improves environmental efficiency.

We plan on drawing on the example of the inverse manufacturing system for QuickSnap in upcoming environmental education initiatives, with the hopes of raising awareness of circulatory production techniques for future generations to come.

Inverse Manufacturing System for QuickSnap

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Inverse Manufacturing System for QuickSnap

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Fujix Xerox A3 Compatible Color Laser Printer
Winner of the “Energy Conservation Grand Prize” for 8 Years Running

The Fuji Xerox A3 compatible color laser printer, DocuPrint C3050 was recently awarded the “Energy Conservation Center Chairman’s Award” for the 17th Energy Conversation Awards 2006 (Energy and Systems) hosted by the Japanese Ministry of Economy, Trade and Industry. This marks the eighth year in a row for a Fuji Xerox product to receive an Energy Conservation Award, which is also a first in the industry. Previous winning products include color and black-and-white multifunction devices, copiers, and both low-speed and high-speed printers. In addition to allowing our customers to cut back on energy consumption while using Fuji Xerox devices, these awards also stand as testimony to our commitment to developing a wide line up of products with low energy consumption.

DocuPrint C3050
Developing an Advanced Resource Recycling System at the New Fujifilm Headquarters Achieving Zero Emissions

In January and February 2007, headquarters functions of FUJIFILM Holdings, Fujifilm and Fuji Xerox were consolidated into the Tokyo Midtown complex in Tokyo’s Roppongi district. Taking this opportunity to start building top-of-the-line, world-renowned systems of environmental preservation into the new corporate headquarters, a project team was put together in March 2006 with members from Fujifilm, Fuji Xerox, and several other related companies. Ultimately, this project team formulated a waste management system based on the three pillars of “achieving zero emissions,” “protecting information security,” and “strict legal compliance.”

Of particular note was the “achieving zero emissions” initiative, which aimed for a high level of resource recycling by attempting a new waste sorting system started in September 2006 at all of the Fujifilm headquarter offices. Based on feedback from employees, we were able to set up a waste sorting system at the new Fujifilm headquarters that separates waste into 20 categories. This includes 8 classifications for paper waste, which allowed us to set up a paper resource circulation system that includes: 1) Recycling black-and-white copy paper as copier paper (horizontal recycling); 2) Recycling color copy paper as printing paper; 3) Using paper recycled from confidential documents (paper shredder scraps or dissolved documents) for toilet paper used within the company (an example of closed recycling). We are also aiming to achieve higher quality recycling of non-paper waste.

The new headquarters features three “recycling stations” on each floor where employees individually sort waste into 20 different categories based on visual displays. Also, displays at each station clearly indicate how the separated wastes are then processed and recycled afterwards (see diagram below).

Furthermore, the new headquarters features security solutions for confidential documents designed to make every possible effort to prevent the leaking of confidential information, such as bar-code and GPS tracking functionality on collection boxes for dissolved documents, and onsite disposal for various recording media. We also have checks in place to ensure legal compliance of Fujifilm third party contractors, and through the combination of all these security and waste processing initiatives, we are confident our office buildings offer the latest in environmental compliance.

The “Resources” that we separate are effectively used in the following ways.
Fuji Xerox Supports Individual Employee Contributions to Society

The 4th Fuji Xerox Social Contributions Forum was held over two days from February 16 to 17, 2007. In order to offer events that provide an opportunity to exchange information about and promotion of social action programs, the forum is continuously being renewed. The event was attended by the former President of Fuji Xerox, Mr. Arima, who had the following enthusiastic words for the participating employees: “Social contribution programs at Fuji Xerox are unique in that they are individually led by company employees. Also, the experience gained through such activities by our employees helps them to grow as human beings, which I think in turn really helps to invigorate Fuji Xerox as an organization. In short, the social action programs of Fuji Xerox employees provide a significant pillar supporting the quality of our company.”

Day 1

The first day saw 72 people involved in promoting social contribution programs gather together from 40 companies including both Fuji Xerox and its affiliates. Representatives from the FUJIFILM Holdings CSR Division also attended this year’s event for the first time.

Each participating company gave examples of social action programs underway at their respective organizations. One of the most impressive examples was how Fuji Xerox Kumamoto handled the issuing of ID cards for athlete participants, coaches, staff and volunteers involved with the 4th “Special Olympics (SO) National Summer Games, KUMAMOTO” held in November 2006. Since the event involved handling sensitive personal information, Fuji Xerox employees had to handle various registration tasks onsite at the SO office over several days. While this proved to be a rather arduous task, several of those involved believed the experience could be put to positive use toward future endeavors by Fuji Xerox.

Finally, the event provided a useful opportunity to exchange ideas about social action programs for 2007.

Day 2

Under a theme of “Learning about different ways to participate in volunteer programs,” the participants from day one were joined by representatives from NPOs, as well as employees and various volunteer supporters from outside companies and organizations. In total, the group numbered 160 people, who split into three separate conference rooms to communicate openly about various volunteer possibilities. In the main conference hall, six third-party organizations gave descriptions about their respective social action programs.

In the second conference hall, representatives and participants shared their experiences participating in the Fuji Xerox six different social action programs: Art by Xerox, JOHO-JUKU (Information Seminars), the support program for making large font text-books (kakudai kyokasho seisaku shien), the Setsutaro Kobayashi Memorial Fund program, the Social Service Leave, and the Hasu Club*. During the lunch break, the group enjoyed a performance by Abdul Abudureheman, recipient of the 2006 Setsutaro Kobayashi Memorial Fund. Mr. Abudureheman gave a performance on the Rawap, a traditional instrument from Mr. Abudureheman’s native country, the Uighur Autonomous Republic, in China.

In the third conference hall, a book fair to sell CDs and used books was held by the Child Fund which is engaged in educational support and hygiene education in developing countries. There was also a cookie and cake sale hosted by the Palette Confectionary, and a corner selling charcoal briquettes by the “Society for the Preservation of the Hayachine Region.” Each of these groups has received the support of the Hasu Club.

The names and presentations of participating organizations are listed below.

- Japan Platform
  Financial contribution social action program: “How to use disaster relief contributions”
  http://www.japanplatform.org/
- Nature Conservation Society of Japan
  Educational social action program: “Learning about nature”
  http://www.nacsj.or.jp/ (Available in Japanese only)
- Japan Blind Marathon Association
  Running social action program: “Blind Marathon”
  http://www.jbma.or.jp/ (Available in Japanese only)
- Tokyo YMCA “Japanese Mothers for International Students” Movement
  Communication social action program: “Japanese conversation with student from abroad”
  http://www.tokyo.ywca.or.jp/ryugakusei/
- NPO Palette
  Sales event social action program: “Cookie and cake sale + job support for the mentally challenged”
  http://www.npo-palette.or.jp/
- Able Art Japan
  Craft-making social action program: “Inclusive Design”*
  http://www.ableart.org/
- * Inclusive design: A concept similar to universal design, which emphasizes diversity and design aesthetics despite individual differences.

In the first conference hall, representatives from the Fuji Xerox has received the support of the Hasu Club.

Fuji Xerox Co., Ltd.
Former General Manager of CSR Department
Hiroaki Yoshizawa

At Fuji Xerox, we have a management team with a deep understanding of social contribution, as well as an extensive history and a great deal of activity when it comes to social action programs. Social contribution at Fuji Xerox does not stem just from a sense of responsibility toward society, but stands as a valuable pursuit that is a source of company pride, with employees acting individually under the active support of the company. In order to continue into the future, we are calling upon Fuji Xerox employees to extend the scope of these valuable activities and programs.
Environmental Forum

Providing Society with Environmentally-friendly Technology

On March 1st, 2007, the sixth “Fujifilm Group Environmental Forum, 2007” was held at the Fujifilm Kanagawa Factory (Odawara). These environmental forums have been held annually since 2002, with the aim of providing a venue for sharing information about a range of environmental technologies and policies undertaken and cross-pollinating these endeavors throughout the Fujifilm Group. Participants of over 400 people for 2007 exceeded the last year by over 100 people, making this year’s event the largest to date, which stands to demonstrate the rising consciousness of Fujifilm employees to environmental concerns.

Poster Session

Forty-five posters were on display demonstrating environmental activity in factories, environmentally friendly product designs, as well as various examples of environmentally friendly technology before-and-after putting on the market from the Fujifilm, Fuji Xerox, and other Fujifilm Group companies, and helped drum up an enthusiastic exchange of opinions among participants. (A part of presentation titles)

- Innovative energy conservation technologies from Fujifilm Advanced Research Laboratories
- Energy conservation and zero emission activities at the Tokyo Mid-Town new company headquarters
- Digital Printing (CTP) for newspapers that use no lining papers
- Management of chemical substance content "Integrated Management System"
- "Product examples and case studies of universal design and usability assessment"

Keynote Speech

Mountain climber Mr. Ken Noguchi was invited to deliver a keynote speech. (Fujifilm is planning a "Mt. Fuji Cleaning project" in the Fall of 2007 with employees that have volunteered and Mr. Noguchi.)

Oral Presentations

Seven examples of environmental initiatives and the results of research projects were presented from several divisions of Fujifilm and Fuji Xerox. Presentations included explanations of recent regulatory trends for environment like complying with the new European RoHS and REACH directives, as well as descriptions of “water conservation efforts at the Fujinomiya Factory” designed for sustainable resource allocation, as well as a description of “developing and implementing returnable packaging” (P.76) from the logistics department. (Presentation titles)

1. Recent regulatory trends for environment: REACH, RoHS, and GHS
2. Compliance to RoHS directives in digital cameras
3. Compliance to RoHS directives in the market for minilab equipment
4. Developing alternative technologies for potentially environmentally sensitive compounds in X-ray film
5. Research into improving the processing capacity of active sludge at the Kanagawa Factory
6. Water conservation efforts at the Fujinomiya Factory—thoughts on sustainable resource allocation
7. Environmental improvements by implementing a circulatory (recycle-oriented) delivery system

Keynote speech, “Changing Japan from Mt. Fuji” Mr. Ken Noguchi

(An excerpt from Mr. Noguchi’s speech)

I still recall today how much it disturbed me when I heard from other mountain climbers from around the world that “Mt. Fuji is the dirtiest mountain in the world.” However, I cannot deny the fact that Mt. Fuji even has a “white river” made from toilet paper. In Mt. Fuji discarded filth is getting into the soils that feed the mountain’s natural spring water. When we first recruited people to clean Mt. Fuji, less than 100 people showed. Now however, there are more numbers of sympathizers and participants for this cause, and there is now no trash to be found above Fuji-gogome as climbers had started picking up their trash from that point. In 2006, nearly 4,800 people participated and succeeded in picking up 80 tons of trash from the mountain. I think this is due to our patient efforts finally paying off. The importance of not giving up is in my blood from climbing mountains. For example, on a mountain, not having a strong will to come back alive can lead to death. Just because you are physically exhausted and completely worn out, it doesn’t mean that you must give up and die. You’re finished once you accept the thought of failure in your head. This is what I learned from climbing mountains. Even when it comes to the problem of global warming today, scientists are giving up by saying the situation is hopeless—but once you give up, you’re finished. We can never give up.

Mr. Ken Noguchi

Mountain climber, born 1973 in Boston, USA. Successfully climbed Mont Blanc at the age of 16. Reached the summit of Everest in 1999. Became the world’s youngest climber to climb the highest peaks on the world’s seven major continents at the age of 25. Has been an active supporter of clean-up efforts on Mt. Everest since 2002. Is currently active under the slogan, “Change Japan starting with Mt. Fuji.” Recipient of the 1999 Tokyo Citizen’s Cultural Medal of Honor.
Factory Operations and Working Together with Local Communities

The market for liquid crystal display applications continues to expand at a record pace following the explosion in demand for large-size liquid crystal televisions, personal computers and mobile phones. Film components that control optical and color properties are indispensable for manufacturing liquid crystal displays, and Fujifilm is a supplier of these types of film applications. As one of the world’s leading manufacturers offering the latest in advanced technology for making Thin-layer Precision Coating Technology necessary for film production, Fujifilm leads the market for components and materials used in liquid crystal display applications. Faced with growing demand in the global market for liquid crystal displays, Fujifilm is ramping up production capacity to fulfill our responsibility as a major supplier. In October 2006, the first production facility of FUJIFILM Kyushu Co., Ltd. was set up in Kikuyo-town, Kumamoto Prefecture to serve as a production base that steps up production capacity for FUJITAC, a typical TAC film component used in liquid crystal displays. At the moment, work is also underway on the second and third production facilities, which are scheduled for completion in August 2008. Environmental considerations have been taken in building these plants, and extensive investments have been made for environmental protection facilities. The first plant features a cogeneration system that efficiently uses energy from the natural gas used for plant operation, which contributes to reductions in plant CO2 emissions. In addition, efforts were made to use pumped out groundwater as much as possible in order to conserve the area’s rich natural water resources. In these ways, FUJIFILM Kyushu is striving to operate its facilities in a manner that emphasizes environmental protection and coexistence with the local region.

Four primary components supplied by Fujifilm

1. **Polarizer Film**
   - Provides superb transparency and prevents optical warping to allow stable and beautiful imagery.
2. **Wide View (WV) film:** Film that compensates for minute differences in viewing angle which tends to be problematic in liquid crystal displays, and allows viewing a clear image regardless if viewed from above or from an oblique angle.
3. **Antireflective (CV) film:** Film that reduces screen distortion caused by outside light.
4. **Transer film:** This film creates a color filter by transferring red, green, blue and black tones to the glass panel.

**Cross-sectional diagram of a Liquid Crystal Display (TN-TFT LCD)**

- **Backlight**
- **Liquid crystal cell**
- **Polarizer**
- **Film diffuser**
- **Liquid guide**

**Growth in Liquid Crystal Display surface area**

- **Fujitac Film**
  - 5 times the amount of 2004

**Fujitac Production Capacity**

- **ApS-01 Wide-Fujitac production equipment starts operation**

Environmental Protection Efforts with Local Communities

**Contract Concluded with the Minami-Aso Village in Kumamoto Prefecture on Joint Stewardship of a Watershed Protection Forest**

FUJIFILM Kyushu believes that contributing to Kumamoto Prefecture’s expansive efforts at water resource conservation plays an important role in being a company that establishes close ties with the local community. To these ends, FUJIFILM Kyushu is constantly on the look out for new ways to contribute to the local community through its water conservation efforts, such as actively seeking out new uses for rain water within their facilities, as well as rigorously conserving water and reusing water resources. Together with the cooperation of the Minami-Aso village in Kumamoto Prefecture Fujifilm concluded an agreement in February 2007 to engage in a reforestation project designed to provide wetlands protection in Minami-Aso, which is situated in the upper basin of the Shirakawa river system and provides a crucial watershed for the local water table. The project will result in around 13,000 trees being planted, including deciduous oaks, Japanese maples, and Yamazakura oaks. (Additional project details are included below.)

The Minami-Aso village was formed on February 13, 2005 through the consolidation of the the Aso County’s Choyo-mura, Hakusui-mura and Kugino-mura, yet retained the word “village” (Japanese: mura) in its name in order to emphasize the importance of the area’s natural surroundings. During the signing ceremony, Minami-Aso village mayor,

**Project details**

1. **Location:** Upper basin of the Shirakawa River that flows into Kumamoto City from Aso, Forested area: 5.26ha
2. **Trees planted:** Nearly 13,000 broad leaf specimens (deciduous oaks, Japanese maples, and Yamazakura oaks)
3. **Contract period:** 15 years starting February 6, 2007
4. **Contract signatories:** President of FUJIFILM Kyushu, Mitsuo Yamaguchi and Village mayor of Minami-Aso, Mr. Teruaki Imamura
Cultural Promotions with Local Communities
FUJIFILM Kyushu Agrees to a First Partnership under the Minami-Aso Ehon-No-Kuni Picture Book Project

The Minami-Aso Ehon-no-kuni project, started in May 2006 with local Minami-Aso volunteers, is an event for promoting local culture, protecting the environment and facilitating cultural exchange under the keyword of Ehon (Japanese for picture book). The Minami-Aso Ehon-no-kuni project stands as a new model for community promotion that brings together a partnership between local residents, private business and government, and involves running a picture book library as well as holding hand-made picture book workshops and picture-book reading events.

As a first partner of the Minami-Aso Ehon-no-kuni project, FUJIFILM Kyushu President Yamaguchi signed an “Ehon-no-kuni” peaceful agreement with the project leader Mr. Takashi Miyamoto in the presence of Kumamoto Governor, Ms. Shiotani. A project to make “Photo Ehon” (photo picture books) based on coverage of the Minami-Aso area was also a great way for Fujifilm to emphasize participation within the photography field—it’s main business—whilst moving forward its support. In May 2007, the 2nd anniversary of the Minami-Aso Ehon-no-kuni project was held to commemorate the first full year of the project, where FUJIFILM Kyushu held an exhibition of Photo picture books in addition to help run the entire event. Fujifilm also participated in the anniversary finale held on May 27, where we enjoyed words of encouragement sent by video from mountain climber Mr. Ken Noguchi, who, with the support of Fujifilm, had just finished scaling the Chinese side of Mt. Everest. After the video presentation, Mr. Noguchi was contacted in Katmandu by an international telephone call, where he expressed his desire to leave the beautiful scenery of both Aso and the Himalayas for future generations. In these ways, FUJIFILM Kyushu is working to support healthy community development in Aso through efforts like the Minami-Aso Ehon-no-kuni project, while actively seeking to promote exchange with local communities and contribute to local culture development.

Mr. Imamura, addressed the crowd with the comment, “I am truly happy to have the attendance of Fujifilm for this first contract signing after the founding of Minami-Aso.” Fujifilm plans on continuing such environmental efforts into the future.

First Forestation Project by FUJIFILM Kyushu Employees and President

The area designated for forestation is on a 5.24ha plot of wilderness under the jurisdiction of Minami-Aso that offers breathtaking views of the area’s surrounding natural beauty. On March 13, 2007, FUJIFILM Kyushu employees, including President Yamaguchi, descended upon the forestation site (Minami-Aso village, Aso County) with garden hoes in hand as part of the first reforestation project under the directorship of Kumamoto Prefecture’s Aso Forestry Association. Despite the lingering cold in the month of March, the group succeeded in planting around 300 Yamazakura broad leaf oaks on the site, and in total 13,000 were successfully planted later that year by May 9.
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**
We develop and provide socially beneficial goods and services of the highest quality using advanced and original technologies in a safe and responsible manner. Based on an open, fair and clear corporate climate, we create new value in a spirit of appropriate competition and fair dealing, continually striving to satisfy customers and other stakeholders and earn their trust.

2 **Social Responsibility**
We communicate with customers, local communities, shareholders and other members of society, conduct appropriate and fair disclosure of corporate information, comply with laws, regulations, and other rules, and uphold public order and morals. As good corporate citizens, we strive to correctly understand and respect local cultures and customs and to actively engage in public interest activities, especially those that contribute to local community development.

3 **Respect for Human Rights**
We respect and protect fundamental human and labor rights set out in international declarations. We reject the use of forced labor or child labor in any form.

4 **Global Environmental Conservation**
Recognizing that positive involvement in the resolution of environmental issues is an essential part of a corporation’s social role and activities, we act voluntarily and proactively to help preserve the global environment.

5 **Vibrant Workplaces**
We strive to develop the skills of all employees, to provide safe and comfortable workplaces, and to respect diversity, individuality and differences.

Recognizing top management’s responsibility to embody the spirit of this Charter, FUJIFILM Group executives shall lead by example and promote 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 take accountability, promptly and appropriately disclose information, and take strict disciplinary action when appropriate, including in regard to itself.
As the globalization of the economy progresses, the market environment surrounding us in the Fujifilm Group is changing significantly. The natural environment is also changing beyond our expectations as seen in the various effects of global warming. Furthermore, there have been countless corporate scandals throughout the world, and society’s interest in corporate activities is rising.

Corporate management must also appropriately respond to these changes in the environment in order to fulfill its management responsibility. I believe that management responsibility entails a corporation serving society as a social entity, and increasing the trust of society with regard to being useful and beneficial, in addition to fulfilling this responsibility in the future. I think this is what is required in corporate social responsibility (CSR).

In 2006, we established a new corporate philosophy and vision for the Fujifilm Group, revising the Charter for Corporate Behavior and the Code of Conduct in 2007 so that the entire Fujifilm Group including Fujifilm, Fuji Xerox and their respective group companies has a philosophy and a code of conduct to be cherished and guarded. The headquarters functions of FUJIFILM Holdings, Fujifilm and Fuji Xerox were also concentrated in Tokyo Midtown to enhance collaboration between these functions and create synergies. The entire Fujifilm Group is working together to create new business and strengthen consolidated management.

The most important approach in the achievement of sustainable development is CSR. CSR serves as a compass in these tumultuous times, and we have put together Fujifilm Group’s Approach to CSR based on the belief that not only management, but every person making up the company should be cared for. This organizes the concepts in the corporate philosophy and vision, serving as a framework for our CSR activities as we fully learn the Charter for Corporate Behavior and the Code of Conduct. In the future, the CSR of the Fujifilm Group will involve the faithful implementation of the Fujifilm Group’s Approach to CSR in order to fulfill our responsibility to the future.

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.
Overview of Activities in the Fiscal Year 2006

The Fujifilm Group shifted to a holding company structure on October 1, 2006. We will work to strengthen strategic group management and governance of group management around the holding company, FUJIFILM Holdings, and strive to obtain a greater level of trust as a group that truly serves society. In April 2007, the Fujifilm Group Charter for Corporate Behavior and a common Code of Conduct were established to cover Fujifilm, Fuji Xerox and their respective groups, as we initiated moves to establish a common foundation for compliance throughout the entire Fujifilm Group. The main operational issue faced by the Fujifilm Group is the steady advancement of Medium-term Management Plan VISION7S (2006) and the main environmental issues faced are, the reduction of environmental burden by addressing the global warming issue, chemical substance management and waste management. We are actively conducting sales activities from new perspectives such as design for environment, improvement in environmental efficiency and eco-solutions. The “Activities to Preserve the Culture of Photography” that form part of the group’s social contributions are a type of cultural contribution only possible for the Fujifilm Group. The volunteer activities of employees are also widespread, and there has been a steady increase and permeation of awareness of social contributions.

We have already reached our fourth year of stakeholder dialogue and we aim to make the dialogue meaningful, instead of simply transient, by deepening discussion on themes that are continually raised.

Overview of CSR Activities in Fiscal 2006 and Q1 of Fiscal 2007

<table>
<thead>
<tr>
<th>Key Field</th>
<th>Theme</th>
<th>Self-Evaluation</th>
<th>Results in Fiscal 2006 and Q1 of Fiscal 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR Management</td>
<td>Strengthening of consolidated management and corporate structure</td>
<td>★★★</td>
<td>○ Transition to holding company structure ○ Established the corporate philosophy and vision of the Fujifilm Group ○ Revised the Fujifilm Group Charter for Corporate Behavior and the Code of Conduct ○ Implemented and acquired integrated management system (IMS)</td>
</tr>
<tr>
<td></td>
<td>Improved communication with stakeholders</td>
<td>★★★</td>
<td>○ Held stakeholder dialogue and exchanged opinions with readers of the 2006 Sustainability report ○ Quantified CSR information (improved sustainability accounting)</td>
</tr>
<tr>
<td>Communication with Customers</td>
<td>Social contribution through products Improved customer response levels Improved and expanded provision of product information</td>
<td>★★★</td>
<td>○ Development and sale of new products and services ○ Early compliance with the revised consumer products safety law ○ Improved customer response system and customer complaint management system (supplier’s declaration of conformity to ISO10002) ○ Participation in the Pink Ribbon Movement ○ Receipt of Energy Conservation Grand Prize for 8th year running</td>
</tr>
<tr>
<td>Communication with Shareholders and Investors</td>
<td>Improved communication</td>
<td>★★★</td>
<td>○ Web streaming of Japanese and English audio of earnings briefings ○ Improved communication targetting domestic and overseas investors</td>
</tr>
<tr>
<td>Communication with Our Suppliers</td>
<td>Establishment and dissemination of a groupwide procurement policy Implementation of CSR procurement</td>
<td>★★</td>
<td>○ Established procurement standards for pulp ○ Implemented self-audit of suppliers concerning CSR procurement (addition of CSR item)</td>
</tr>
<tr>
<td>Communication with Our Employees</td>
<td>Encouraging greater effort and vitality among employees Appropriate and effective exchange of personnel within the Group</td>
<td>★★★★</td>
<td>○ Exchanges between Fujifilm and Fuji Xerox held by labor unions ○ Promoted “Team Minus 6%” activities ○ Launched a team to promote the F-POWER Project for encouraging the achievements of women ○ Promoted Fujifilm Way activities</td>
</tr>
<tr>
<td>Contributing to the Community</td>
<td>Social contribution through our main business Fostering the volunteer mind among employees Promoting social contributions at each site</td>
<td>★★</td>
<td>○ Opened FUJIFILM SQUARE and the Fuji Xerox Art Space ○ Provided assistance through the Fujifilm Green Fund and the Setsutaro Kobayashi Memorial Fund FUJIFILM Kyushu offered support in the Minami-Aso Ehon-no-kuni/picture book project and established a reforestation project ○ Volunteer work in Chinese reforestation ○ Held a Social Contributions Forum</td>
</tr>
<tr>
<td>Environment</td>
<td>Global environmental conservation</td>
<td>★★</td>
<td>○ Reduced CO₂ emissions by actively switching from bunker oil to natural gas ○ Improved environmental efficiency by making specific improvements (waste reduction, reduction of water usage, etc.) in domestic and overseas sites</td>
</tr>
<tr>
<td>Compliance with environmental laws and regulations</td>
<td></td>
<td>★★★★</td>
<td>○ Improved management of chemical substances (REACH Regulation, RoHS Directive, and GHS Compliance) ○ Expanded survey and evaluation system for waste management subcontractors</td>
</tr>
<tr>
<td>Disclosure of environmental information and environmental communication</td>
<td></td>
<td>★★★★</td>
<td>○ Provided environmental and safety information on products ○ Held an environmental forum and an international conference of environmental officers ○ Improved employee education (held in overseas affiliates and trained experts)</td>
</tr>
</tbody>
</table>
Looking to the Future

In the future, we will sincerely reflect on past activities and examine what is important for society and for us in order to carry out our targeted CSR activities. The Fujifilm Group has reviewed past CSR activities to reorganize CSR issues by importance and establish the issues that should be addressed in the medium-term.

- Requests and demands from society (including the results of stakeholder dialogue)
- The Fujifilm Group’s approach to CSR
- Case analysis of the Fujifilm Group’s CSR activities
- Results of analysis of the CSR activities of group companies using a CSR check sheet (3rd-party evaluation)
- Results of suggestions for improvements from third parties regarding “FUJIFILM Group Sustainability Report 2006”
The Fujifilm Group has been conducting stakeholder dialogue every year since 2004. As shown in the diagram below, by conducting continued dialogue, it is possible to focus on certain themes and use the dialogue not only for communication with stakeholders, but as a place to share and explore issues faced in CSR activities, and in turn find the solutions to these. Important stakeholders from both inside and outside the company participate in the dialogue. Details of the Stakeholder Dialogue in 2007 held this May are shown in the article on pages 33-34.

**Evolution of Stakeholder Dialogue**

<table>
<thead>
<tr>
<th>Year</th>
<th>Participants</th>
<th>Purpose</th>
<th>Theme</th>
<th>Participants</th>
<th>Purpose</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>Fujifilm (12 people) External stakeholders (4 people)</td>
<td>Organizing concepts</td>
<td>Identification of issues</td>
<td>Fujifilm (15 people) External stakeholders (9 people)</td>
<td>Identifying and sharing issues</td>
<td>Identification of issues</td>
</tr>
<tr>
<td>2005</td>
<td>Fujifilm (12 people) External stakeholders (9 people)</td>
<td>Exploring issues</td>
<td>Sharing of issues</td>
<td>Fujifilm (12 people) Fuji Xerox (2 people) Affiliates (1 people) External stakeholders (8 people)</td>
<td>Finding solutions</td>
<td>Exploration of issues</td>
</tr>
<tr>
<td>2006</td>
<td>Fujifilm (12 people) Fuji Xerox (2 people) Affiliates (1 people) External stakeholders (8 people)</td>
<td>Exploring issues</td>
<td>Sharing of issues</td>
<td>Fujifilm (26 people) Fuji Xerox (15 people) Affiliates (2 people) External stakeholders (3 people)</td>
<td>Finding solutions</td>
<td>Creation of synergies through dialogue between staff</td>
</tr>
</tbody>
</table>

The Fujifilm Group is using results of much dialogue to improve CSR activities through the steps shown in the diagram below. When doing so, the importance of CSR issues is considered from the perspectives of both the company and stakeholders.

**Steps for implementing CSR activities as they evolve through stakeholder dialogue**

1. **Step 1: Understanding stakeholders’ needs**
   - Are the interests of stakeholders understood?

2. **Step 2: Identifying important issues**
   - Are stakeholders’ views incorporated?

3. **Step 3: Establishing KPIs**
   - Are reports on performance being made to stakeholders?

4. **Step 4: Improvements to CSR activities**
   - Is the company maintaining accountability by sustaining ongoing dialogue with stakeholders?
Responses to Important Themes Raised through Stakeholder Dialogue

The CSR themes raised in stakeholder dialogue to date have been important for both the Fujifilm Group and its stakeholders. Some of the important CSR issues identified to date are environmental conservation (particularly greenhouse gases), human diversity, biodiversity, CSR procurement and social contributions. Awareness of the importance of these themes has grown as they are discussed in ongoing dialogue every year. For example, the Fujifilm Group reaffirmed the importance of human diversity through dialogue, and this resulted in the launch of the F-POWER Project Promotion Team (P.59) in an effort to promote the employment of “individuality” by utilizing diverse human resources.

In the future, opinions obtained through dialogue will be incorporated into CSR activities in order to resolve CSR issues.

Exchange of Opinions with Readers of the Sustainability Report

Main themes discussed
- Content and target reader of the FUJIFILM Group Sustainability Report 2006
- Utilization, dissemination and cultivation within the company and utilization in sales
- Translated versions (English and Chinese) and site reports
- Others (and issues faced by sites and companies)

Some frequently mentioned opinions are shown below. (● Response made  Under consideration)

● The 2004, 2005 and 2006 editions seem to be progressing to be more appealing and easy to understand. I look forward to more progress in 2007.
● I would like to see a continuation of the active coverage of articles on social contributions made in the main business, and on products.
● Covering cases characterizing the Fujifilm Group in the Feature section is a good idea.
● The target reader is unclear, so this should be stated clearly. If it is for an expert reader, the report could be made better by being more thorough. The current exhaustive format is appropriate for an expert reader.
● I understand that you wish to use the report in-house and for sales, but the content is difficult to understand for general readers. Perhaps you should consider a summarized version for in-house use, general customers and utilization in sales.
● Different techniques need to be used if you wish to raise awareness in the company using the report. (Add titles showing that employees should be sure to read certain sections, sales personnel should read certain sections and ascertain how topics can be used in dialogue with local communities.)
● For internal use, a group intranet site or newsletter would probably be more effective than the report.
● It is too thick to be used for sales activities, but it is useful for management class personnel such as the top-management of business partners. It is a publication showing an overview of all of the activities of the Fujifilm Group, so it can also be used as a corporate profile on the Fujifilm Group.
● It would be better to link it to a website and consider actively switching to putting the information on a website.
● It would be better to provide a proper explanation of the environmental efficiency, and particularly why the total amount of GHG emissions has increased.
● I was given the impression that there were few articles on group companies and overseas sites.
● I would like a better explanation of the relationship between the corporate philosophy and CSR activities.
● Personnel in some divisions and factories frequently contact business partners in other countries such as China, so continuation of the translated versions would be appreciated.
Since 2004, the Fujifilm Group has accepted a diverse range of opinions and suggestions from outside the group to deepen awareness of the various issues related to our CSR. Dialogue in 2007 was focused on three themes deemed to be important chosen from the issues that have arisen in the past. In addition to experts from outside the group, we adopted a format that would also enable active dialogue between the employees of Fujifilm and Fuji Xerox.

The results of the dialogue enabled the two companies to learn about each other’s CSR efforts and gain an awareness of the common issues being faced by the two companies. In the future, we will aim to link these to specific efforts for the resolution of issues, and attempt to create synergies within the group.

In this report, we cover the direction that should be taken based on this year’s dialogue, as well as progress being made in addressing the CSR issues that were identified in dialogue in 2006. We will continue to disclose the progress being made in these efforts through the report and other methods, and we would like stakeholders to understand the efforts being made within the group as we work to ensure they lead to the evolution and deepening of CSR activities.

Themes discussed

**Session 1**
Reducing Environmental Burden
– CO2 Reductions in Products

**Session 2**
Working in the Future
– Work-life Balance

**Session 3**
Biodiversity

**Direction to be Taken after the Completion of Dialogue in 2007**

- Making good case studies visible in Fujifilm and Fuji Xerox
- Creation of workgroups on each theme by Fujifilm and Fuji Xerox
- Ongoing dialogue

**Overall**

- Making efforts and their effects visible
- Promotion of efforts addressed environmental aspects in close contact with customers (such as reduction of CO2 emissions when using products)
- Marketing strategy efforts through collaboration with sales personnel
- Creation of working groups by Fujifilm and Fuji Xerox

**Reduction of environmental burden**

- Making case studies visible
- Establishment and organization of a basic approach that assumes a balance between work and life
- Expansion of awareness of work-life balance

**Working in the future**

- Reflection in the medium-term plan of the Fujifilm Group
- Implementation of CSR procurement
Reflecting on the Stakeholder Dialogue in 2007   Mr. Hideto Kawakita, CEO of IIHOE (International Institute for Human, Organization and the Earth)

Dialogue in 2007 was the first to adopt a format in which the closest stakeholders — Fujifilm and Fuji Xerox, which are the two principal companies in the group— discussed their efforts and the issues they face based on common themes, with questions and comments from outside the company being added to these. The group is made up of two principal companies with differing strengths, and the CSR efforts present the perfect entry point for maximizing synergies between them. As this event was kicked off to provide an opportunity to encourage synergies between the two companies, I sincerely hope actual results will become visible by the next time we meet.

- Reducing Environmental Burden – CO2 Reductions in Products

In the introductions of the two companies’ efforts, I found it particularly intriguing that Fujifilm has been able to increase the processing speed of its medical devices while also lowering the environmental burden they create. Fuji Xerox has also started initiatives to provide eco-solutions to customers. In this way, we were able to confirm that clearly stipulating “How much contribution is made to customers and society through reductions in the environmental burden when using products” in future reports and on the website is important.

- Working in the Future – Work-life Balance

While the system is improving and the atmosphere in the company is changing gradually, as Mr. Fujii pointed out, it is important to not only establish companywide systems, but also create collections of case studies for sharing the benefits of a balance between work and life, and little techniques employed to achieve the balance while encouraging each department to proceed in ways suited to their particular situations (for example, setting an example by declaring that meetings must end before 4:00 p.m.) in order to promote initiatives that go beyond the perspective of a company headquartered in Japan.

- Biodiversity

This time, we only had the opportunity for each person to write out their contact with biodiversity, but we reaffirmed the importance of stating companywide principles and encouraging active initiatives by each department of the Fujifilm Group in the future.

Reflecting on the Stakeholder Dialogue   Yoshiyuki Uchiyama, former Corporate Vice President in charge of CSR in FUJIFILM Holdings

Dialogue in 2007 made me newly aware that deepening the mutual understanding of CSR issues in Fujifilm and Fuji Xerox and working together will lead to enhanced corporate value for the Fujifilm Group as a whole.

I would like to actively provide opportunities for the two companies to increase CSR synergies. We will also consider opening future dialogue to more participants from domestic and overseas group companies in segments such as R&D, sales and marketing, and manufacturing.

Progress Made Addressing CSR Issues Identified in Last Year’s Dialogue

<table>
<thead>
<tr>
<th>Issues</th>
<th>Achieved</th>
<th>Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiatives for restraining the burden on the environment accompanying business growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR procurement initiatives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human diversity initiatives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. A clear commitment to human diversity and CSR procurement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Implementation of active alliances for CSR procurement and environmental measures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Implementation of bottom-up measures making the balance between work and life visible</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Clarification of key targets by organizational level (corporate-company-division)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Responses</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Clarification of key targets by organizational level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- A clear commitment to human diversity and CSR procurement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Implementation of compliance training for managerial staff within the group (P.41)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Launched a team to promote the F-POWER Project for encouraging the achievements of women (P.59)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Promotion of employment of persons with disabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Implementation of briefings for business partners and inspections of the level of environmental friendliness of the business environment (including CSR initiatives) (P.56)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Establishment and operation of procurement standards for pulp (P.56)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Implementing CSR Activities

CSR Management

The Fujifilm Group has positioned the objectives of CSR activities as being the improvement of corporate brand and corporate value, and sees these activities as continuing forever into the future. With the transition to a holding company structure, we are further strengthening consolidated corporate governance, compliance and risk management, together with environmental and quality management systems serving as the driving force behind these activities.
We aim for CSR to be carried out through our main business with the objectives of a transparent, sincere and good company.

Evolution and deepening of CSR activities for becoming a company that thinks on its own

Since Fujifilm established the CSR Division in April 2004 as an organizational unit dedicated to implementing CSR activities, we have endeavored to improve CSR awareness and behavior through the phases shown in the diagram to the left. We believe that we have achieved Phase 3: The planning stage (reflecting CSR from the conceptual stage onward) in fiscal 2006. We will further proceed to promote the evolution and deepening of CSR activities in the future. As the first step, we shared the Fujifilm Group Code of Conduct throughout the group companies. The Code of Conduct incorporates the spirit behind the new Corporate Philosophy and Vision, and we will work to disseminate it to every employee in the Fujifilm Group centered on FUJIFILM Holdings.

The Fujifilm Group operates businesses in 14 fields. Through these businesses, we need to improve the quality of all aspects of human activity. We will contribute to the enhancement of the quality of life of people by utilizing advanced and proprietary technology to respond to customer needs that change with the times and to universal customer needs. Meanwhile, the issues we face have increased as the fields of our business expand. Quality of life does not only cover people, but also includes elements such as the adoption of a procurement policy that does not threaten the ecosystem. The expansion of the pharmaceutical and medical business has led to an increased need to conduct experiments and R&D with bioethical ramifications. We will pay careful attention to such issues and proceed with caution.

The CSR Group in FUJIFILM Holdings plays the important roles of promoting the CSR activities of the Fujifilm Group and promoting communication with stakeholders. Another important role is the collection of information related to legal matters. Laws that must be observed are reflections of the perceptions and thoughts prevalent at the time, and enactment as law brings about global change underpinned by changes in social trends. I believe that it is important to be attuned to these changes and absorb them before they are enacted as law, and to not only obey the law, but also seize upon social trends and consider what needs to be done as a company. The FUJIFILM Holdings CSR Group also serves as a powerful supporter and leader that can be relied upon in the implementation of CSR activities. For example, FUJIFILM Kyushu Co., Ltd. is already conducting affiliate-led CSR activities with support from the CSR Group, establishing a model case for site-led CSR with the people on-site thinking autonomously and implementing CSR activities.

A company is a collective of employees, with the combination of the strength of each employee making up the strength of the company. I believe that establishing solid standards on “what a company should do” and “how decisions should be made” and acting in accordance with these in every situation faced by each person will bring us closer to becoming a better company and a stronger company. We will raise the overall level of CSR throughout the Fujifilm Group by seeking to advance and deepen CSR activities by conducting them continuously and working to train core personnel.
The Fujifilm Group recognizes the enhancement of corporate value as its most important mission, positions the enhancement and improvement of corporate governance as the most important issue for achieving this, and aims to become a company trusted by all stakeholders through the implementation of a variety of measures.

Basic Approach to Corporate Governance

As of October 1, 2006, Fuji Photo Film became FUJIFILM Holdings, and Fujifilm—the wholly-owned subsidiary that was established through a corporate divestiture—took over all operations after the transition to a holding company structure. In the new organization, we are working to improve the transparency and well-being of group management by strengthening consolidated governance including Fuji Xerox.

Periodic meetings of the Board of Directors are held to decide upon the basic direction and strategy of group management, and important matters concerning the execution of business operations, as well as oversee its execution. There are currently 8 directors and one of them is an outside director. The executive officer management system has been adopted to speed up the execution of business operations, and executive officers are responsible for the execution of business operations in accordance with the basic policies determined by the Board of Directors. The terms of directors and executive officers are 1 year in order to clarify their missions and responsibilities, and to quickly respond to changes in the management environment.

The Management Council has been established as an organ in which relevant executive officers deliberate matters that should be brought before the Board of Directors in addition to other matters. Meetings are held flexibly to efficiently conduct business affairs and make decisions.

There are currently four auditors on the Board of Corporate Auditors and two of these are outside auditors. Each corporate auditor attends the meetings of the Board of Directors, and full-time auditors attend meetings of the Management Council on a regular basis, in addition to periodically exchanging opinions with the representative directors and conducting audits extending to the overall execution of business affairs. An Auditor’s Office currently made up of nine staff members has also been established as an Internal Auditing Unit independent from the executive unit of the company in order to audit business processes in the various divisions within the company, and to evaluate and verify whether these are appropriate. The Auditor’s Office works with corporate auditors to conduct periodic audits of major companies within the group, to establish internal controls and to check the status of their operation.

In the future, we will increase the number and capability of internal auditing staff to improve internal auditing functions.
CSR Management

Compliance and Risk Management

The most fundamental CSR activities are compliance and risk management. It is important to understand that compliance is interpreted as “proper behavior of individuals and companies based on ethics and common sense.” In the Fujifilm Group, we aim to build a corporate culture in which each employee actively engages in compliance and risk management.

The Fujifilm Group's Compliance Statement

In all aspects of our corporate activities, we emphasize compliance and endeavor to create new value. If compliance requirements conflict with business profits or the demands of third parties, we give priority to compliance. An open, fair and clear corporate culture is the basis for all our activities.

A Portable Handbook-sized Booklet

The four main points of the revision to the new Code of Conduct are indicated below.

1. **Same content inside and outside Japan.**
   The same content is applied to all group companies inside and outside Japan. We incorporated items considering global perspectives such as the prohibition of forced labor and child labor. Employees all over the world need to act in accordance with this Code of Conduct.

2. **“We” is used as the subject in the body of the document.**
   The wording was made more subjective to make it easily understood by all employees and enable them to feel this to be a more familiar basis for their conduct.

3. **We established the group’s “Compliance Statement” for the first time.**
   We clarified the company’s stance that “compliance takes precedence over business interests” when in doubt about a decision. At present, very few companies clearly state such a stance, and it is also revolutionary for a group.

4. **All employees must sign a written proclamation.**
   In the past, written pledges were only collected from managerial personnel, but now written proclamations are signed by all employees. Based on these written proclamations, individuals must take responsibility for their actions in accordance with the Code of Conduct.

Sharing Details of the “Code of Conduct” throughout the Group

With the establishment of FUJIFILM Holdings in October 2006, the Fujifilm Group Charter for Corporate Behavior and the Code of Conduct incorporating the Fujifilm Group Corporate Philosophy and Vision were established in April 2007 to strengthen consolidated management in the Fujifilm Group and to further promote compliance.

Fujifilm Group Charter for Corporate Behavior summarizes the “behavior and attitude that should be observed by the company and the entire group,” while the Code of Conduct stipulates the “behavior and attitude that should be observed by each employee.”

Originally, only the Fujifilm Group Charter for Corporate Behavior extended to the entire group, and each company in the Group created their own Code of Conduct based on the Code used by Fujifilm, resulting in different content from company to company. However, in order to strengthen consolidated management of the entire Fujifilm Group including Fuji Xerox and create further synergies in the group under the new Corporate Philosophy and Vision, we revised the Code of Conduct based on the thinking that this reference for our everyday conduct should be uniform throughout the entire group. The Compliance & Risk Management Division in the CSR Division played a central role in the revision, creating a new Fujifilm Group Charter for Corporate Behavior incorporating the thinking behind the group’s Corporate Philosophy and Vision established in April 2006, and conducting repeated discussions for establishing a common Code of Conduct throughout group companies such as Fuji Xerox.

A Handbook-sized Booklet Containing the Fujifilm Group Charter for Corporate Behavior and the Code of Conduct
Compliance and Risk Management Promotional Organization and Milestones

Promotional Organization

On October 1, 2006, the Fujifilm Group underwent a transition to a holding company structure with the launch of FUJIFILM Holdings Corporation overseeing the operating companies FUJIFILM Corporation and Fuji Xerox Co., Ltd. Figure (1) on the right shows the organization to implement CSR under the new organization. The FUJIFILM Holdings CSR Committee chaired by the President of FUJIFILM Holdings deliberates and decides the basic policies, strategies, preferred form and important measures related to CSR matters common throughout the group. The operating companies implement specific measures based on these decisions. Matters deliberated in CSR meetings in operating companies are periodically reported to the CSR Committee in FUJIFILM Holdings.

Figure (2) on the right shows the roles of the Total Risk Management Committee and the Compliance Committee in Fujifilm and the respective compositions of their members. Please refer to the Fuji Xerox Sustainability Report for details on the framework adopted by Fuji Xerox.

Milestones

Fujifilm’s milestones in compliance and risk management are introduced on P.40. The Corporate Ethics Committee (forerunner to the current Compliance Committee) chaired by the President was formed in 1999, and the Fujifilm Group Charter for Corporate Behavior and the Employee Code of Conduct were established at the same time.

In 2002, the Compliance Office was established in the Legal Division as an organization dedicated to further promotion of compliance activities. In 2004, the internal controls were reorganized with the Compliance and Risk Management Division acting as the central organization dedicated to the overall and central management and operation, where the General Manager of the Compliance and Risk Management Division serves as the secretariat for the Total Risk Management Committee and the Compliance Committee.

The FUJIFILM Holdings CSR Committee chaired by the President of FUJIFILM Holdings was established in 2006.

Fujifilm's milestones in compliance and risk management (Fujifilm and affiliates)

1999 (Proclamation) —
- Establishment of Corporate Ethics Committee
- Seminar on the Employee Code of Conduct
- Pledges submitted by all employees
- Start of risk reporting system

2002 (Sharing) —
- Pledges submitted by all managerial personnel
- Implementation of Compliance Seminar once per year
- Implementation of compliance awareness survey once per year
- Establishment and management of key risk issues

October 2006 (Further Sharing) —
- Revised of Employee Code of Conduct
- Revision of the Fujifilm Group Charter for Corporate Behavior
- Implementation of compliance seminars for managerial personnel
- Expansion of coverage to domestic affiliates

Compliance Awareness Survey
In order to check whether initiatives to promote compliance lead to an increase in the awareness of employees, Compliance Awareness Surveys covering employees are conducted every year. The fourth survey was conducted for Fujifilm and its domestic affiliates in fiscal 2006.

The graphs show changes in survey results in Fujifilm, and they show that the compliance awareness of employees is steadily rising as a result of practice in the workplace became more productive.

Meanwhile, there is a stagnating trend of positive responses to the questions "Would you report to the company if you discovered improprieties on the part of your colleagues, superiors or subordinates?," and "Would you contact the Compliance Consulting Facility if you face problems with laws, rules or ethics in everyday operations?," and we will endeavor to further raise awareness to prevent hesitation in reporting when a problem arises.
Spreading Compliance Education among Fujifilm Affiliates

At Fujifilm, the Compliance and Risk Management Division (CP&RM) plays a central role in conducting compliance education programs for Fujifilm and its affiliates. Seminars on compliance have been held for all Fujifilm managerial personnel since 2003 and expanded to all managerial personnel of affiliates since 2006. After the seminars on compliance, managerial personnel play a central role in providing explanations in workplaces and repeatedly perform educational activities such as discussion using tools like compliance case study sheets, in addition to reporting to CP&RM Div. on the measures implemented in each workplace.

Main activities in 2006 included inviting Toin University of Yokohama Law School Professor Nobuo Gohara to conduct compliance seminars for Fujifilm managerial personnel and inviting Keio University Associate Professor Mitsuhiro Umetsu to conduct case method training for managerial personnel in the domestic affiliates, with both of these being well received by participants. In the creation of tools used in compliance training, we work for further understanding by reflecting the opinions of personnel in the workplace and making the content in accordance with actual conditions. In order to prevent the recurrence of acts requiring punitive action, notification of the acts leading up to the punitive action with the details are sent throughout the company via the Intranet, and the scope of disclosure was extended to domestic affiliates in fiscal 2007.

### Compliance Education by Intended Audience (Fujifilm and its affiliates)

<table>
<thead>
<tr>
<th>Intended Audience</th>
<th>Details</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>Lectures by outside instructors</td>
<td>As appropriate</td>
</tr>
<tr>
<td>New managerial personnel</td>
<td>Lectures by corporate executive officers in charge of CSR</td>
<td>Once a year</td>
</tr>
<tr>
<td>New employees</td>
<td>Training by the CP&amp;RM</td>
<td>Once a year</td>
</tr>
<tr>
<td>Executive officers of Group companies</td>
<td>Lectures by external instructors</td>
<td>Once a year</td>
</tr>
<tr>
<td>Managerial personnel</td>
<td>Case-method instruction (led by external instructors and CP &amp; RM to all managerial personnel)</td>
<td>Once every two years</td>
</tr>
<tr>
<td>All employees</td>
<td>Consultation including action taken by the facility; discussions are based on Compliance Case Study Survey Sheets</td>
<td>Once a year</td>
</tr>
</tbody>
</table>

### Tools for Discussion at the Workplace

<table>
<thead>
<tr>
<th>Intended Audience</th>
<th>Content</th>
<th>Method of Instruction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notification of Punitive Action All employees Type of punishment applied in actual cases and the preventive measure. Explanations to the employees at weekly workplace meetings etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance News All employees Appeals for caution based on actual examples from other companies and general trends. Published as needed. Explanations to the employees at weekly workplace meetings etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compendium of Compliance Case Study All employees Explanations through Q&amp;As based on 72 examples which suits the Code of Conduct. Used at weekly meetings etc., self-study is possible</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance Case Study Sheets All employees Introduction of real-life examples in story form. Discussion at the workplace, self-study is possible</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Case Method Managerial personnel Discussions based on examples causing hesitant judgement. Discussion in small groups</td>
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</tbody>
</table>

### Compliance Consulting Facility

To prevent what are initially small internal issues developing into major incidents, we have established and operate a compliance consulting facility within the CP&R to provide consulting and liaison functions and receive reports from employees of Group companies related to compliance and violations of the Code of Conduct. An external consulting facility has also been established to receive inquiries to make consultation easier.

It is written in the Code of Conduct that the privacy of employees seeking advice is protected, unfair treatment is prohibited, and consultation should be conducted using real name in principle, and the Rules for Operation of Compliance Consulting Facilities state clearly the policy and the flow after consultation including action taken by the facility.

Recently, issues brought to the facilities have averaged between seven and eight a month and include principally such matters as interpretations of the Code of Conduct, problems arising in the workplace, and morale in the workplace. The number of issues for consultation has increased from 61 in fiscal 2005 (including 17 from Group companies) to 94 in fiscal 2006 (including 30 from Group companies). To resolve these issues, we work closely with the Personnel Division and other related divisions.
Promotion of Risk Management

▼ Risk Prevention Activities
Risk managers have been appointed in the various divisions of Fujifilm and domestic affiliates, and they have principal responsibility for “early detection and forecasting of risks and working to prevent or averting the emergence and spread of risks” as well as for promoting autonomous activities to fulfill these activities.

Important risk issues have been identified in each division and company, and we will create a basic plan summing up the responses to these, implementing them according to the PDCA cycle. In fiscal 2007, these have been narrowed down to 24 items handled by 11 divisions in Fujifilm as risks extending across the entire company that are subject to priority management.

▼ Risk Management Organization

▼ Reporting of Risks
In the event a risk or potential risk arises, appropriate responses are made according to the process shown below. In fiscal 2006, 66 incidents including 23 incidents from affiliates were reported, and 4 of these were passed on to sub-committees.

• In the event a risk occurs, the division (or company) in which the risk arises must promptly report to the secretariat (General manager of the Compliance & Risk Management Division).

• The secretariat determines whether the reported risk falls into the category of a committee incident, a sub-committee incident or an incident to be handled within the division, reports to the Total Risk Management Committee, and then responds to the division (company) in which the risk arose.

• The division (company) in which the risk arose then implements measures to counter the risk in accordance with instructions from the secretariat.

▼ Risk Reporting System

▼ Export Control Activities
The basic elements of export control are whether export cargoes or the technologies meet export regulations and the credit-worthiness of the counterpart in the transaction. Exports of items sold by Fujifilm and its affiliates and all cargo exporting and provision of technology are subject to control and regulation, and inspections as well as evaluations are performed to satisfy U.S. Export Administration Regulations. Individuals responsible for export control have been appointed in all internal divisions to improve the understanding and awareness of export control through education and training as well as on-the-job guidance. For example, the preparation of a compendium of case studies and other information, and in addition to that, we are considering to improve the internal website to increase understanding and enable better implementation of export control.

▼ Information Security Measures
Due to the recent increase in incidents related to security information risks, security measures against PCs and USB memory being removed from the company have been reinforced, while antivirus rules have also been strengthened.

Furthermore, a Compendium of Information Security Case Studies was issued based on cases occurring mainly in Fujifilm and its domestic affiliates, and this was distributed to the employees of domestic affiliates in April 2007 to be utilized in education on risk management in the workplace.

▼ Initiatives to Protect Personal Information
In response to an incident potentially leaking personal information that occurred in a Fujifilm affiliate’s subcontractor in 2006, the management of subcontractors handling personal information was reassessed. Incidents of personal information being leaked were also covered in seminars on compliance and compliance news, disseminating information requiring the attention of Fujifilm throughout the company.

Data

Acquisition of P-Mark and ISMS (Fujifilm Affiliates)

<table>
<thead>
<tr>
<th>Type</th>
<th>Affiliates Acquiring Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-Mark*1</td>
<td>FUJIFILM MEDICAL CO., LTD.</td>
</tr>
<tr>
<td></td>
<td>FUJIFILM IMAGING Co., Ltd.</td>
</tr>
<tr>
<td></td>
<td>FUJIFILM LOGISTICS Co., LTD.</td>
</tr>
<tr>
<td></td>
<td>FUJIFILM Graphic Systems Co., Ltd.</td>
</tr>
<tr>
<td></td>
<td>FUJIFILM Software Co., Ltd.</td>
</tr>
<tr>
<td>ISMS*2</td>
<td>FUJIFILM好运 Service Co., Ltd.</td>
</tr>
</tbody>
</table>

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

*2 ISMS: Certification regarding the overall management framework for information including personal information (Information Security Management System).
Building an Organization to Promote Integrated Management Systems

Fujifilm is ambitiously working to utilize management systems to promote thorough structural reforms. In order to achieve these structural reforms we are building and implementing an IMS (Integrated Management System) which incorporates both EMS (Environmental Management System) and QMS (Quality Management System).

1. Consistent operation of management systems encompassing the R&D, manufacturing and head office/marketing divisions has been made possible through the implementation of not only EMS, but also QMS in the head office and marketing divisions.

2. The Fujifilm Group has established a Corporate Philosophy, a Charter for Corporate Behavior, a Code of Conduct, an Environmental Policy and a Quality Policy, and by directly linking these to operating issues in each division and applying the PDCA Cycle, we will establish them as companywide mechanisms and tools for making sustainable improvements to operating issues.

▼ The PDCA Cycle in Management Systems
IMS Activities Centered on FUJIFILM Holdings and the Fujifilm Head Office

IMS Activities centered on FUJIFILM Holdings and the Fujifilm head office included the integration of EMS and QMS in October 2006, and certification as an Integrated Management System by the ISO Examining Authority, resulting in the acquisition of operating certification.

▼ Scope of IMS Application
IMS Activities centered on FUJIFILM Holdings and the Fujifilm head office comprise a management system extending to 6,400 personnel including the staff of FUJIFILM Holdings and the Fujifilm head office and operating divisions, in addition to sales companies and affiliates in the Fujifilm Group.

▼ Goals and Results of IMS Activities
The goal of IMS activities is to aim for the common issue of “improved customer satisfaction” shared throughout all divisions, and initiatives are being taken to improve product quality, be environmentally friendly, improve efficiency of business systems and make sustained improvements to communication inside and outside the company. Although the quality and environment was sometimes contrary to the tasks, with the creation of a balance, the result was a continuous improvement, and it was highly-acclaimed by the ISO Examining Authority.

▼ Future Issues
One issue to be addressed in the future is the expansion of IMS from head office and marketing divisions to include manufacturing and R&D in order to develop a management system consistent with our business, and also to expand the scope to apply not only in Japan but also to overseas affiliates. We are also examining ways to integrate risk management, internal controls and compliance requirements into IMS.

Implementation of IMS in Affiliates
Fujifilm’s Ecology and Quality Management Division is providing backup for the creation of management systems in FUJIFILM Kyushu (P.25) that began in December 2006. With the aim of operating management systems in day-to-day business, the company is seeking IMS certification combining environmental, quality and labor safety standards. Internal auditing was completed in February 2007, and certification was acquired for “environmental,” “quality,” and “health and safety” standards in July.

Fujifilm Electronic Materials Taiwan (Hsin-chu City, Taiwan) is also integrating EMS and QMS, and has started IMS operation. Work began in spring 2006, and ISO certification was obtained in May 2007.

Based on these cases, we will expand integration of management systems to other locations and work to develop a management system consistent with our business.
CSR Activities at Overseas Sites

As a corporation with bases worldwide, the Fujifilm Group is focusing on development of social contribution activities, education support and regionally-based, proactive communication projects that respond to diverse cultural and social issues in each country and region, especially at its overseas subsidiaries. At FUJIFILM Holdings, regular communication with overseas sites is being carried out in order to deepen understanding and knowledge of country and region-specific circumstances of legal regulations, value concepts and other concerns, and to promote CSR activities with a global perspective.

Australia

Funding Support for Sudden Infant Death Syndrome (SIDS) Research

As Fujifilm Australia Pty Ltd. focuses primarily on marketing activities and is not a production base, there are no large-scale results with regard to environmental burden reduction. However, we are maintaining our certification under ISO 14001, which was received in 2001, and through the formulation and execution of environmental management operation plans, we have realized packaging material reuse and recycling projects, made proactive contributions in the local community environment, and established company-internal reuse and recycling programs. Furthermore, the Occupational Health and Safety (OH&S) committee was set up, and through its activities over an extended period of time, has ensured the health and safety of all employees and company visitors and played a guiding role in the company.

Our social contribution work includes making contributions to fund organizations and supporting research activities in areas such as Sudden Infant Death Syndrome (SIDS) and leukemia. Recently, we have made disaster relief donations in response to the bombings in Bali and the tsunami in Indonesia.

Activities with regard to Scenery-Related Issues

Australia is a country graced with great natural beauty. FUJIFILM Australia Pty Ltd. has produced four million nature conservation-themed posters and distributed them to schools throughout the country.

With our leadership position in the photography industry, we have developed the “PURE” code of conduct and established clear guidelines for liquid waste disposal, and requested our customers to cooperate in these efforts as well.

In 1999, we signed the National Packaging Covenant (an environmental conservation agreement initiated cooperatively by the Australian government and packaging industry associations and signed by companies cognizant of the obligations of participation), and we are moving forward with a five-year action plan from 2005 to 2010 to actualize projects for packaging material reduction.

In 2000, FUJIFILM Australia Pty Ltd. has produced four million nature conservation-themed posters and distributed them to schools throughout the country.

Canada

Donation of Partial Sales of QuickSnap and Social Contribution Activities Oriented Toward Teenagers and Young Adults

At FUJIFILM Canada Inc., with the cooperation of local retail chains, we have introduced “Cause-Marketing” (social contribution-style marketing) into our film and film-with-a-lens businesses, thus allowing for partial donations of profits via consumer sales. Through this initiative, we have been able to collect $0.50 from the profits of each QuickSnap film-with-a-lens and donate a total of $257,120 to The Children’s Miracle Network, a charitable institution. The donated funds were distributed to children’s hospitals across North America. We are working with other retailers on the film-with-a-lens and continuing the recycling program for this product. In the fiscal year 2006, 1,600,000 of them were sent to FUJIFILM Manufacturing U.S.A., Inc. for recycling. We are aiming for a recycling rate of 75%, which is the target of ISO 14001: 2004 standard. We consider photography to be one of the most important elements of our everyday lives, and a valuable asset for all humanity. We hope to continue contributing to the development of the culture of photography in the future.

For our teenager and young adult-oriented social contribution activities, we organize a special support program in collaboration with local universities, the “Professional Film, Digital and Motion Picture Project” and we are also holding annual scholarship assistance programs, workshops and training forums. Furthermore, we have set up a business internship program with McMaster University which is a long term activity. We have been offering this internship program for the past ten years, combining business and training, and arranging full-time work for the interns in the head office marketing division so that they may gain experience of strategic planning, sales promotion support, branding, advertising and market research and analysis. In the future, we hope to develop new social contribution activities that coordinate with our core business and to continue contributing to the local community.

Singapore

Promoting Customer Education and Consciousness-Raising

On making visits to business locations that handle photographic processing chemicals such as medical facilities at hospitals and mini-labs, we were faced with the fact that the disposal of the chemicals used in photographic processing is not always in adequate compliance with local environmental protection ordinances. In order to rectify this situation, we held a three-day seminar in October 2005 to deepen understanding of ordinances concerned with chemical material disposal and correct methods of disposal, including training sessions for retailer staff. Furthermore, we have been distributing CDs containing essential information on ordinances and procedural requirements to continually raise consciousness with regard to these issues.

Funding Support for Sudden Infant Death Syndrome (SIDS) Research

As FUJIFILM Hunt Chemicals Singapore Pte. Ltd. plans to continue its social contribution activities, it is focusing on education and training, as well as the promotion of safety measures in the workplace. The company has set up a Safety and Health (OH&S) committee, and through its activities over an extended period of time, has ensured the health and safety of all employees and company visitors and played a guiding role in the company.

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Nurturing China’s Youth and Promoting Environmentally Friendly Manufacturing Processes

At FUJIFILM (China) Investment Co., Ltd., in cooperation with a state-run educational support project that aims to raise the level of education in China’s western regions, we are providing books and cameras to promising students in twenty middle schools who are living in economically difficult conditions. We are also maintaining communication with teachers and students in order to support the development of individual talent.

Furthermore, in fiscal 2006, we undertook various activities for the advancement of the culture of photography. We have organized events such as the “Photography Culture on Campus” activities (featuring lectures and photo sessions with well-known photographers) at the main universities in Guangdong, and the Fujifilm Cup “Harmonious Shanghai” a photography contest featuring foreign investment corporation employees in Shanghai. The money raised from the photographic works in this contest was donated to charities in Shanghai and used to support economically disadvantaged children. In May 2006, we participated in the volunteer tree-planting program sponsored by the Fujifilm labor union and carried out the planting of trees in Mongolia. With regard to activities at manufacturing sites in China, FUJIFILM Imaging Systems (Suzhou) Co., Ltd., which is primarily concerned with digital camera production, has carried out the implementation of 3R (reduce, reuse and recycle) operations for the recycling of rosin, tin and other raw materials. Advancements are being made toward the consolidation of environmental protection systems and the realization of environmentally friendly manufacturing processes, with the reclamation of forests on factory sites in urban areas and in Suzhou Industrial Development Zone. These activities were appreciated, and commendation as an “Industrial Enterprise with Environmental Activities” was received from the Suzhou Environmental Protection Bureau.

Furthermore, FUJIFILM Starlight Co., Ltd., primarily a manufacturer of PS plates for printing plate-making materials, has received commendation from the regional people’s government as a “Gentle Company that Saves Energy and Resources” as a result of its achievements in implementing environmentally friendly manufacturing processes and developing greenspace earlier than required.

Fuji Xerox Taiwan Corporation Achievement of Zero Waste at Taoyuan Factory

Mainly a producer of consumable goods such as toners and toner cartridges, Fuji Xerox Taiwan’s Taoyuan Factory has made the “zero waste” concept familiar to all employees and has endeavored to reduce the amount of solid waste sent to landfill sites. Through operations such as the use of end-of-life toner by paint manufacturers as an auxiliary material, and the sending of general waste to reuse facilities for the thermal recycling process used in power generation, 82 tons of waste destined for landfills or incineration in the fiscal year 2005 was diverted and recycled, thereby achieving “zero waste.”

Implementation of Employee Assistance Program (EAP)

Fuji Xerox of Shenzhen Ltd. takes good care of its employees and is engaged proactively in the provision of safe, high-quality products, environmental management and social contribution activities. Starting in the fiscal year 2006, with the cooperation of Shenzhen Modern Society Observation Institute, a non-profit organization, we have been implementing employee ability development programs on a monthly basis to assist and encourage the personal growth and spiritual and psychological health of our employees in order to enable them to engage in their work with a greater sense of security. Furthermore, with the cooperation of SHENZHEN EAST PSYCHOLOGICAL COUNSELING CO. LTD, a nongovernmental organization, we have started a Mental Health Hotline to allow work-related or personal consultations to be done by telephone. We have also set up a CSR Opinion Box for raising internal company issues, and we are attempting to create an environment for employees to be able to work in a secure manner through better communication.

Main Issues: Compliance with REACH and GHS

The main issues concerning FUJIFILM Electronic Materials (Europe) N.V. are compliance with REACH regulation and GHS. With GHS in particular, there are many products exported to the Japanese market, so preparations are being made for Japanese time limits. But the issue is how indications should be noted, as no multilingual, international rules have been established for GHS labeling.

Drainage Recycling System

At the Sint-Niklaas site of the manufacturing company FUJIFILM Hunt Chemicals Europe N.V. (Belgium), which produces chemicals that are sold by FUJIFILM Europe N.V., a recycling system for rinse water and drainage has been constructed. As a result, we have been able to reduce the total annual drainage amount of 22,000m³ to 10,000m³ and have attained a zero waste emission level.
Contributing to the Lives of People Everywhere through Activities in Cultural and Medical Fields

In New York City, there is an elevated rail structure, built in the 1930s, that overlooks the Hudson River and traverses an area of 22 city blocks. Known as the High Line, this railway fell into disuse in the 1980s, and there are sections of it that have already been dismantled. FUJIFILM U.S.A., Inc. is a sponsor of Friends of the High Line (FHL), a nonprofit organization dedicated to the protection and reuse of this elevated railway. The elevated parts of the structure are being preserved so that it may be utilized as a railway again, should it become necessary at some time in the future. Various proposals for enabling reuse by the local residents have been made and are now being scheduled for execution. We have provided FHL with photo printers for their activities, and assisted in the realization of a unique photography exhibition, which featured photographs of local people and project supporters, on sections of construction fencing throughout the site.

Furthermore, with the goal of encouraging 1,000,000 women to receive mammography screenings, we have developed the “Mammograms for a Million Moms” campaign in collaboration with the National Breast Cancer Foundation (NBCF), and we are continuing to raise awareness with regard to breast cancer. We are donating a portion of the sales of QuickSnap and the FinePix digital cameras for this activity, and we have launched a website for mammography screenings, we have developed the “Mammograms for a Million Moms” campaign in collaboration with Spain’s largest photographer’s association, to provide breast cancer screening programs and to dispatch a mammography examination bus outfitted with mammography equipment.

Large-Scale Reduction of Waste via Conversion of Aluminum Sludge

At FUJIFILM Manufacturing U.S.A., Inc., a manufacturing base, we have succeeded in recovering valuable materials and reducing annual waste by 3,000 tons, thus lowering processing costs by 89,000 dollars through conversion of the aluminum sludge generated when manufacturing the PS plates used in printing plate-making. Moreover, we are selling this material as a product for use in wastewater treatment. As a supporter of the Saluda-Reedy Watershed Consortium, we have been active in regional water source protection and preservation through our donations, which had totaled 500,000 dollars by the beginning of fiscal 2007. We are continually carrying out activities that contribute to the development of a local culture of photography, including photography contests, exhibitions and seminars.

Supporting Our Arts and Culture and Protecting Our Rare Animals

FUJIFILM Espana, S.A. advocates CSR activities that put emphasis on supporting Spain’s distinctive cultural events and protecting its unique natural environment. Our cultural event support efforts include activities held in close cooperation with important museums such as the Picasso Museum and the Joan Miró Foundation, sponsorship support of the Gaudi masterpieces including La Sagrada Familia, Casa Museu Gaudi (Gaudi House Museum), and Casa Milà (La Pedrera), and sponsorship support of the Gran Teatre del Liceu Barcelona Opera House. We are also actively involved in the providing of aid and protection for rare animals such as the lesser panda and the Angola lion. Other activities include sponsorship support of the Madrid Zoo Aquarium and the Barcelona Zoo. Furthermore, as part of our work to preserve the culture of photography, we are carrying out the annual international award program titled the “Lux Award for Photography” in collaboration with Spain’s largest photographer’s association. Our future plans include a joint effort with the Spanish Cancer Association, to provide breast cancer screening programs and to dispatch a breast cancer examination bus outfitted with mammography equipment.
Main Issues: Compliance with RoHS Directive and REACH

FUJIFILM UK Ltd. is committed to the promotion of supply chain management for compliance with the RoHS Directive and REACH. We have completed supplier surveys and database input of survey results, and we are starting to carry out reinforcements to maintain our management level.

As the Waste Electrical and Electronic Equipment Regulations (WEEE) took effect in 2007, we have participated in the multi-company cooperative launch of the Photo Imaging Council Compliance Scheme (PICCS), aiming for effective compliance with regard to the recovery and processing of waste material.

Friendship, Mutual Understanding and Respect of Values

Fujifilm Deutschland, a branch of FUJIFILM Europe GmbH, is proactively working to build friendly relations with regional communities. For example, as soccer is very popular in Germany and the training of young athletes is regarded highly, we are making contributions to galvanize local activity by donating uniforms to VFL1899, a boys and girls soccer club in Cologne, and providing other support. As there are over 25 countries in Europe, and there are differences of culture and values with regard to the observance of laws and ordinances, we are dedicated to respecting all viewpoints in the development of our activities.

Further Reduction of Carbon Dioxide Emissions Activities Grounded in Regional Coexistence

While the maximum level of carbon dioxide emissions specified under government regulations in the fiscal year 2006 was 57,000 tons, FUJIFILM Manufacturing Europe B.V. succeeded in keeping levels down to 47,000 tons. As the maximum limit is expected to be lowered in the future, it will be necessary to target further reductions of carbon dioxide emissions in order to maintain compliance. Also, as part of employment diversification in the fiscal year 2006, we have started experimenting with the temporary employment of Tilburg citizens with medical and social disadvantages. Furthermore, we are communicating proactively with the local residents of Tilburg, through our cultural and sports event sponsorship and our support of the development of footpaths and viewing spots in nature reclamation areas within the city.

An Educational Photo-Book for AIDS Prevention

A narrative photo-book for disseminating knowledge to prevent the spread of AIDS, LA MENACE was first planned in 2003 and has been distributed free-of-charge to African immigrant residential neighborhoods and related organizations and facilities in France since December 2004. Our project received a great deal of attention due to being selected as a feature section in the 2005 Sustainability Report, and this has led to the expansion of support for our work. We would like to continue with this work in the future sharing ideas with French corporations and aid organizations involved in a wide variety of support activities for Africa, not only in AIDS prevention consciousness-raising activities.

On November 20, 2006, Shigetaka Komori, President and CEO of FUJIFILM Holdings Corporation, was awarded the Grand Cross of the Order of Merit of the Federal Republic of Germany by Horst Koehler, the President of the Federal Republic of Germany. This order was conferred to President Komori in recognition of his contributions as part of the “Deutschland in Japan” yearlong event held from April 2005 to March 2006, and his promotion of friendship and mutual understanding between Japan and Germany.
Corporations conduct their activities while sustaining relationships with a broad range of stakeholders. The basis of CSR is for companies to grow and develop as they seek solutions that simultaneously address the issues they confront and the issues facing society whilst working with the same viewpoints, as well as working in harmony with the stakeholders. The Social Activities Report provides information on our activities from the perspective of communication with each stakeholder.
Employees

Employees play a central role in the promotion of Fujifilm’s CSR activities. Since the founding of the company, "concern for the natural environment and environmental preservation," "customer satisfaction and trust," and "a customer-oriented spirit" have been basic capabilities for all our employees, and we are promoting CSR activities, with the objectives of nurturing and infusing a deeper awareness of CSR among our staff.

Methods for Sustaining Dialogue

- Consulting centers of the Personnel Department and personnel interviews
- Preparation of self-development plans and follow-up interviews
- Compliance advisory functions
- Sexual Harassment Hotline
- Labor union and regular company meetings
- Meetings to exchange opinions with readers of the Sustainability Report
- Stakeholder Dialogue
- Awareness surveys related to making work more satisfying

Our Suppliers

Our suppliers are important partners who assist us in continuing to offer products that reflect proper regard for safety and the natural environment. We work to maintain ongoing communication and understanding with our suppliers, based on the goals of environmental protection and maintenance as well as compliance, and endeavor to treat our suppliers fairly.

Methods for Sustaining Dialogue

- Procurement Division (For responding to inquiries)
- Ecology and Quality Management Division (For responding to inquiries)
- Information meetings for suppliers (green procurement, management of chemical content)
- Periodic discussion meetings with our suppliers
- Operation of a materials procurement website and Corporate Environment Green Analysis
- Stakeholder Dialogue

Communities (Regional Societies)

We believe that symbiosis with the community and the preservation of the natural environment are key elements among our social responsibilities as a corporation, especially at those places of business for production operation. We, therefore, provide opportunities for continuing dialogue and disclose corporate information as well as promote communication with the community. We also promote activities closely rooted in local communities, including those related to the natural environment, regional beautification, and education, with the goal of creating more affluent regional communities.

Methods for Sustaining Dialogue

- Consulting centers at each of our factories and offices (For responding to inquiries)
- Meetings 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. In 2006, we prepared our IR Information Disclosure Policy, which sets forth our basic policy stance, standards, and other matters related to information disclosure. In addition, we have newly created a section on our website to provide information to individual investors.

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

In the fields of photography, printing, healthcare, and other areas, we supply products to our sales outlets. Also, in the liquid crystal display (LCD) market and other fields, we supply materials to manufacturers. 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 departments (For responding to inquiries)
- Periodic discussions with our transactions partners
- Seeking advice in the creation of new products and materials and participating in joint development activities
- Participation in exhibitions, events, and academic meetings
- Stakeholder Dialogue

NGOs, NPOs

Since the establishment of Fujifilm, we have held the belief that “concern for the environment and environmental preservation are the basis for corporate management.” We were the first in Japan to establish a trust with the theme of protecting the natural environment — the Public Trust Fujifilm Green Fund — and its activities have continued to the present. In addition, 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. We have made customer orientation the basis of our management activities and are working to contribute value to society by creating products and services, engaging in new business activities, contributing through our products, and preserving the culture of photography.

Methods for Sustaining Dialogue

- Customers Communication Center (For responding to inquiries)
- Technical Support Centers
- Service Centers
- Usability evaluations, advice on production development, preparation of user reports, and other activities
- Photo contests, photo exhibitions, photography classes
- Events, exhibitions, seminars, and other activities
- Showrooms

Future Generations

We believe that one of our important social responsibilities is to conduct educational activities for future generations that will be responsible for the future. We are placing special emphasis on educational activities that draw on photographic technology and environment-related education. Working together with NGOs, NPOs, schools, industry associations, and others, we are helping to nurture rich sensibilities in future generations and help to build healthy minds and hearts.

Methods for Sustaining Dialogue

- Providing lecturers to conduct school courses
- Participating in events held in schools
- Sponsoring factory visits as part of extracurricular and other activities
- Working with NGOs in environmental education activities

Industry Groups, Governmental Organizations and Business Partners

We are actively engaging in dialogue such as approaching supervisory agencies inside and outside Japan through industry groups to respond to laws and ordinances such as the RoHS Directive and REACH and participating in JAMP (Japan Article Management Promotion-consortium) as one of the founding companies.

Methods for Sustaining Dialogue

- Participation in the creation of guidelines such as those made by the Japan Chemical Industry Association
- Statement of public comments through industry groups
- Pink Ribbon Movement, joint research with hospitals and universities, and establishment of sponsored lectures
Social Activities

Communication with Customers

The Fujifilm Group Charter for Corporate Behavior states that Fujifilm “will develop and provide socially beneficial goods and services of the highest quality using advanced and original technologies in a safe and responsible manner. Based on an open, fair and clear corporate climate, we create new value in a spirit of appropriate competition and fair dealing, continually striving to satisfy customers and other stakeholders and earn their trust.”

Customer satisfaction is the basic tenet of corporate management. Fujifilm is actively endeavoring toward harmony and coexistence with society, always aiming to provide quality from a customer’s viewpoint.

### Basic Approach

As stated in its Corporate Philosophy, the Fujifilm Group aims to secure the satisfaction and confidence of customers through the creation of top-quality products and services that are safe, secure and appealing for customers, in addition to endeavoring toward harmony and coexistence with society and the environment by ensuring the highest level of corporate quality.

Speed, kindness, accuracy and fairness are the basis of responses to inquiries and proposals from all customers through e-mail, telephone calls and letters. Major points and complaints as well as matters that customers make inquiries about frequently are reported, reflecting direct improvement of our products and services, to top management and heads of divisions.

### Overview of Activities in Fiscal 2006

In fiscal 2006, we continued to work on the important issue of how we respond to customers through improvement in customer satisfaction and quality of our responses (through strengthening working-level capabilities). One of the initiatives taken was our declaration of conformity that we are compliant with ISO 10002 (Quality Management –Customer Satisfaction)*1. The Fujifilm customer response manual titled “Basics of Customer Complaint Response” was revised at the end of March 2006 to meet with ISO 10002 standards. After checking our efforts according to the ISO 10002 Self-Audit Checklist and undergoing an internal audit, we declared conformity with ISO 10002 in September 2006. We also conducted training for a total of 1,000 employees of FUJIFILM IMAGING Co., Ltd. (which sells cameras and films) and FUJIFILM Techno Service Co., Ltd (which provides after-sales service and technical support for cameras) to spread and establish customer satisfaction quality management systems based on ISO 10002. We will continue these efforts in the future.

In recent years, the Fujifilm Group’s scope of business has expanded into a variety of fields, and providing a uniform level of customer service has become an issue. In the fiscal year 2007, we will ardently work to improve the quality of customer service in the contact center operations of Fujifilm’s domestic affiliates.

### Outline of Consulting Facilities

#### Customers Communication Center

Fujifilm’s Customers Communication Center has a staff of about 30 persons who take principal responsibility for responding to about 40,000 customer inquiries a year, in addition to taking overall responsibility for responding to customers of Fujifilm and its affiliates. Most inquiries by telephone are related to products, and we respond quickly to resolve such issues. We believe that expanding information that is available over the Internet on products and services and improving the understandability of this information are effective in helping customers solve problems by themselves. Accordingly, we are actively expanding our product FAQ (Frequently Asked Questions) sections and revising our website content.

<table>
<thead>
<tr>
<th>Customer’s Opinions</th>
<th>Consultation Facility</th>
<th>Consideration</th>
<th>Reflection of Customer’s Opinions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inquiries</td>
<td>Customers Communication Center</td>
<td>Top Management</td>
<td>Improvements to products and services</td>
</tr>
<tr>
<td>Requests</td>
<td>Technical Support Center</td>
<td>Division Heads</td>
<td>Adoption of new products and new services</td>
</tr>
<tr>
<td>Proposals</td>
<td>6 service centers in Japan</td>
<td>Marketing and Sales Design R&amp;D</td>
<td>Back to “Customer’s Opinions”</td>
</tr>
<tr>
<td>Remarks</td>
<td>Domestic marketing divisions / Domestic sales companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Overseas distributors / Overseas subsidiaries</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please refer to the following website for details on the communication mechanisms used for the customers of Fuji Xerox and its affiliates.

http://www.fujixerox.co.jp/company/sr/stakeholder/user/communication.html (Available in Japanese only)
In the Fiscal year 2007, we have introduced infrastructure to provide uniform customer service and accurately assimilate the opinions of our customers. Specifically, this is a system called a Talk Checklist, which displays a questionnaire appropriate for dealing with a customer making an inquiry when the operator enters a keyword into the computer. For example, this makes it possible to learn information such as “Where did you drop the camera and in what situation and how did you break it?” which provides effective feedback to development and manufacturing divisions for making new products.

**Technical Support for Products and Repair Services**

To respond to more specialized questions from customers relating to products (including digital cameras, recording media, and digital imaging services at mini-lab shops), we have formed the Technical Support Center, with a staff of 100 technical personnel. This center also responds to requests for consultation related to overall systems, including the environment where products are used. It also responds to a total of 400,000 customer inquiries for the entire Fujifilm Group each year, including BtoB matters.

**Content of Customer Consultation and Composition by Type**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>Complaints about problems with or defects in products, etc.</td>
</tr>
<tr>
<td>85%</td>
<td>Requirements concerning product usage, consultation concerning product purchases, questions and opinions regarding corporate activities, requirements about repairs, etc.</td>
</tr>
</tbody>
</table>

**New Showroom**

At the end of March 2007, we opened FUJIFILM SQUARE (Open 11:00 a.m. - 8:00 p.m. all year except the New Year’s break) on the first floor of the Fujifilm Headquarter located in Tokyo Midtown, Roppongi (P.15). Former Fujifilm employees with excellent customer contact skills and a wealth of knowledge in photography serve as senior concierges to provide detailed explanations to customers. This is also one of the ways we are addressing the ageing society, and we will continue to consider ways to utilize the skills of experienced former employees in the future.

**Activities in Improving Capabilities for Responding to Customers**

The Customers Communication Center has prepared the Customer Response Manual, with the aim of improving the quality of interaction with customers throughout Fujifilm group, and distributed it principally to sales companies and marketing divisions. In addition, this center conducts frequent training sessions in customer response for Fujifilm’s sales companies as well as marketing and sales divisions, making use of the Customer Response Manual as a textbook. Training sessions on frontline customer service and management of responses to complaints are also held annually in an effort to dramatically improve the level of customer satisfaction. Thus far, these training sessions have been held for sales and marketing divisions, but to draw on product development perspectives in responding to customer inquiries, these sessions are now being expanded as we are using them as an opportunity to exchange opinions with the development and manufacturing divisions. In addition, meetings to improve customer satisfaction are also held periodically between divisions, sales companies and support divisions for each product group.

**Universal Design**

The Design Center, which is in charge of product design instituted Usability Evaluation in 2001 and is working to create universal product designs that are user-friendly for everyone. Usability Evaluation differs from usual monitoring surveys in that it solicits evaluations from a range of users during the design and development stages. Based on the analysis of these evaluations, users’ opinions are reflected in new product design. Customer opinions that rarely reach consultation facilities, such as those that are not clearly recognized by customers, complaints that a product just seems difficult to use, and comments that “something just doesn’t seem right” are gathered together and meticulously processed in an attempt to increase customer satisfaction. Fujifilm and Fuji Xerox also participated in the 2nd International Conference for Universal Design in KYOTO 2006 held by the International Association for Universal Design in October 2006. Fujifilm’s and Fuji Xerox’s exhibits highlighting universal design initiatives were based on the theme of “Kind to people, easy to use” for Fujifilm and “You can do it alone, everyone can do it” for Fuji Xerox with both exhibits being highly regarded by attendees. In future, we will continue to increase opportunities for hearing from customers and actively incorporate Usability Evaluation into the product development process to reflect their opinions in our products.

**EcoMark and ECO LEAF Environmental Label**

Fujifilm and its affiliates aim for higher environmental quality in all their products. To inform customers correctly about the environmental qualities of our products, Fujifilm has obtained certification to use the EcoMark in Japan and ECO LEAF Environmental Label in Japan on QuickSnap, digital cameras, etc. and we also provide detailed data on our Website.

**Provision of Environmental Information on Products**

**EcoMark**

EcoMark is a label designed for environmentally friendly products and was introduced in Japan in 1991. EcoMark is working to create products with a lower environmental impact than existing products, which is the “green shift”.

**ECO LEAF Environmental Label**

ECO LEAF, which stands for “Environmental Label for Consumers”, was introduced in 1992. ECO LEAF was developed to provide a label related to environmental products that is similar to the Energy Star labeling system in the United States. ECO LEAF is working to create products with a lower environmental impact than existing products, which is the “green shift”.

**Biomass Mark**

Reusuable biological organic resources from plants and animals (not including fossil fuels such as oil) are called biomass. The carbon in biomass fixes CO₂ originally in the air through photosynthesis performed by plants, so the CO₂ generated in its combustion does not add to the actual amount of CO₂ in the atmosphere, making it carbon-neutral. The Biomass Mark is a logo used to certify and promote products containing biomass, and Fujifilm has obtained certification for affixing the Biomass Mark to film products (such as FUJITAC Film and Wide View Film) used in the manufacturing of LCDs, which has become a major growth business in recent years. We are making every effort to promote products with the Biomass Mark.

![Transnasal endoscope](Image 509x203 to 561x274)

![Aerundens: a system enabling conversations in sign language using a TV in the home](Image 36x276 to 194x370)
Provision of Product Safety Information (MSDS/AIS)

**MSDS (Material Safety Data Sheets)**

To enable customers to buy and use our products with confidence, we strive to provide timely information on product safety. MSDS is a tool to prevent accidents arising from chemical substances and to ensure safety (for human health and the ecological system) in the handling of chemical content. We have provided MSDS information on our website since 1997, and each of our operating divisions offers this information to its customers in printed form or on CD-ROMs. MSDS are prepared in accordance with Japanese Industrial Standards (JIS) specifications and guidelines issued by the Japan Chemical Industry Association, and state whether chemical substances stipulated by the PRTR Law or the Industrial Safety and Health Law are used in the product in question. As of March 2007, the number of MSDS prepared by the company exceeded 1,500. Furthermore, product labels and MSDS were updated for products containing substances that must be labeled in accordance with the revised Industrial Safety and Health Law (effective since December 2006) incorporating GHS*. In future, we will continue MSDS preparation for products that are covered due to changes in thresholds.

**AIS (Article Product Environmental Safety Information Sheet)**

Unlike MSDS, safety information (in the form of AIS) on such materials as photographic film and paper, pre-sensitized aluminum plate, and flat-panel display material is not legally required to be disclosed. However, under Fujifilm’s internal rules established in April 2003, AISs are prepared voluntarily and made public on our website and provided directly to users. These AISs are prepared according to Fujifilm’s own program and they are managed and operated jointly with Fujifilm’s overseas affiliates. As of March 2007, 170 AISs had been prepared and made available in Japanese, English, and other European languages (French, German, etc.).

**Compliance with the RoHS Directive (MSDSplus, AISplus)**

In response to requirements for the provision of information on specified chemical content under RoHS and other regulations, Fujifilm prepares MSDSplus and AISplus information sheets other than MSDS and AIS under its internal rules based on the guidelines of the Japan Chemical Industry Association. In future, we will consider disclosing these on our website and intend to change them to the format being considered in JAMP (P.57).

Product Safety Management (P/L: Japanese law)

The most important responsibility for a manufacturer is to ensure the safety of the products that it provides to society. Fujifilm works consistently to promote and improve the safety of its products at all stages from design through manufacture and sales, and then to final disposal through in-depth safety management practices. A companywide policy on product safety management has been established, and priority targets have been identified to ensure consistent operation throughout Fujifilm and its affiliates. Moreover, in response to the enforcement of the revised Consumer Products Safety Law in Japan in May 2007, we reviewed our internal organization in an effort to speed up the communication of product liability information. When serious product liability incidents require companywide action, they are discussed in the Total Risk Management Committee. Other PL incidents are discussed in regular meetings of the PL Committee in an attempt to make sustained improvements. PL incidents concerning products made and sold not only in Japan, but also overseas will be addressed in a similar way by Fujifilm Group and Fujifilm. The system for product safety has three components: product safety assurance, the processing of information related to product liability, and internal product safety monitoring. Internal audits are conducted periodically, and training on product safety is provided to increase employees’ awareness of product safety.

**Regulation**

Priority Targets Concerning Product Safety Management

1. Legal compliance
2. Promotion of product safety measures
3. Maintaining the emergency response system for product accidents
4. Notifying customers of product safety information
5. Providing employee education and training on product safety

**Systems Related to Product Safety Management**

![Flowchart for Dealing with PL Issues](image-url)

**PL-related issues arise**

A PL-related issue is defined as a case when PL has not been incurred but there is a possibility that a liability may be incurred.

**PL Committee**

PL-related information is prepared. PL report and notifies the relevant division and the CP&M.

**If companywide response is required**

Report preparation

The division receiving PL information prepares a PL report and notifies the relevant division and the CP&M.

**Countmeasures, response**

• Call meeting of PL Committee
• PL Committee Office

**Implementation of response**

• Acquirement of information, customer response
• Eliminate of potential risk
• Acquirement of information for improving safety

*Declarations of Conformity: While ISO 9001 and ISO 14001 are standards for which certification is obtained through third-party examining authorities, ISO 10001 is a guideline standard in which a company builds systems to conform with the standard and evaluates these systems based on their operation and internal audits before taking responsibility to declare its own conformity to the standard (7 major companies have made a declaration of as of March 2007).

*Biohazard Mark: A logo that communicates the concept of clover growing from the earth. This mark is based on a decision of the Japanese Ministry of the Environment (JME) in April 2003.

*MSDS: MSDS is the abbreviation for Material Safety Data Sheets. The MSDS provides the information needed for the safe handling of chemicals and is intended to prevent accidental releases of chemicals before they occur. It is distributed from the supplier to the handler together with the product.

*Internal Product Safety Monitoring System

**AIS:** AIS is the abbreviation for Article Information Sheet. Developers are classified as “non-article” products, while photographic film is classified as an “article” product. The AIS provides the information necessary for handling article products and is intended to prevent possible accidents before they occur. It provides an explanation from the supplier to the handler of the product in accordance with the guidelines issued by the photography industry in 1996.
Social Activities

Communication with Shareholders and Investors

As stated in the Fujifilm Group Charter for Corporate Behavior, Fujifilm “will communicate with customers, local communities, shareholders and other members of society, conduct appropriate and fair disclosure of corporate information.” and efforts are being made to communicate with shareholders and investors based on this.

Basic Approach

Based on its IR Information Disclosure Policy, the IR Office issues information relating to management strategy, financial performance, and other corporate matters while emphasizing timely disclosure, fairness, accuracy, and continuity. In disclosing corporate information, we go beyond merely issuing financial data. We aim to increase shareholders’ and investors’ understanding of the financial situation of the Fujifilm Group. We are also fostering trust and supporting accurate evaluation of the Fujifilm Group by collaborating with relevant departments to proactively offer information on a broader range of topics, including the principal issues covered in our Medium-Term Management Plan and progress made on those issues.

Looking ahead, while strengthening ties of communication with foreign investors, who now own more than half of our shares, we want to provide more in-depth information to individual investors as the number of individual investors in Japan in the stock market increases, we want to promote a better understanding of the business activities of the Fujifilm Group.

Shareholder Composition

Compared with March 31, 2006, the percentage of shares held by foreign corporate investors was 0.9 points lower as of March 31, 2007 and accounted for more than half of our shares outstanding.

<table>
<thead>
<tr>
<th>Shareholder Category</th>
<th>Shares in Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial institutions</td>
<td>187,865k shares</td>
</tr>
<tr>
<td>Securities companies</td>
<td>9,062k shares</td>
</tr>
<tr>
<td>Other corporations</td>
<td>20,084k shares</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>187,865k shares</td>
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<td>Securities companies</td>
<td>9,062k shares</td>
</tr>
<tr>
<td>Other corporations</td>
<td>20,084k shares</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>3,466k shares</td>
</tr>
<tr>
<td>Individuals, etc.</td>
<td>35,800k shares</td>
</tr>
<tr>
<td>Total</td>
<td>258,329k shares</td>
</tr>
</tbody>
</table>

As of March 31, 2007
Total number of shareholders: 31,551
Number of shares issued: 514,626k shares (k=1,000)

IR Information Disclosure Policy

Based on the Fujifilm Group Charter for Corporate Behavior, we have prepared our IR Information Disclosure Policy. This policy statement states publicly Fujifilm’s basic stance and standards for information disclosure. The information can be found on the Website below.


IR Activities

The IR Office aims to gain understanding, confidence and support from shareholders and investors with regard to mid to long term efforts to improve the business, financial standing and corporate value of FUJIFILM Holdings, and is actively increasing opportunities and tools for providing information.

As a rule, all documents are released in Japanese and English at the same time, in an effort to perform disclosure inside and outside Japan without any time lag.

Since January 2007, we have not only published documentation for results briefings on the Company Website, but also endeavored to distribute audio (Japanese and English) of results briefings and medium term business plan announcements.

This has made it possible to fairly transmit information to individual investors and foreign investors.

We have also increased opportunities for visiting overseas investors and have increased communication such as explanations regarding results and medium term business plans.

Moreover, we started the “Meet Fujifilm” website in 2006 to further improve IR for individual investors. We will provide information on many aspects of our business such as the dramatic changes to our business structure occurring as a result of digitalization and our social contribution activities.

Internal Systems for Timely Disclosure

The Fujifilm Group has introduced the following disclosure process flow to provide information on a timely basis:

1. Shareholder and Investor Information Site
2. Magazine for Shareholders (Fujifilm NEWS)
3. Annual Report
4. Audio Distribution Website
5. “Meet Fujifilm” for Individual Investors
6. Shareholder and Investor Information Site
7. Magazine for Shareholders (Fujifilm NEWS)
8. Annual Report
9. Audio Distribution Website
10. “Meet Fujifilm” for Individual Investors

(As of July 2007)
Social Activities

Relationships with Our Suppliers

Based on the Fujifilm Group Charter for Corporate Behavior, the Fujifilm Group conducts its procurement activities according to the principle of acting "through fair competition and trade based on an open, fair and clear corporate culture." With the cooperation of our suppliers, we are working to conduct environmentally friendly procurement based on the basic stance of protecting nature and conserving the environment.

Overview of Activities in the Fiscal Year 2006

With the transition to a holding company structure in October 2006, we will work to encourage collaboration between Fujifilm and Fuji Xerox as a priority issue for the future. Specifically, we are considering a common procurement policy for the Fujifilm Group based on a CSR perspective and will endeavor to share information throughout operating companies and affiliates.

In the fiscal year 2006, we established a Pulp Procurement Standard for procuring pulp and pulp raw materials handled in Fujifilm factories. We also added a new CSR item to the inspections for checking the environmental friendliness of the business environment conducted on our suppliers in an attempt to promote greater understanding among suppliers and raise awareness of the importance of social responsibility and corporate ethics. Fujifilm has also published its Basic Purchasing Policy and Purchasing Policy on its Website in an effort to promote fair and open purchasing from all suppliers.

Main Items Purchased

The main items purchased by Fujifilm can be divided into four categories. Transactions of indirect materials such as equipment and machinery utilize the electronic SPIRITS purchasing system to increase speed and reduce costs through the centralization of purchasing.

Procurement of Materials

Basic Purchasing Policy and Purchasing Policy

As a member of the international community, Fujifilm is always seeking to contribute to the development of society by offering its customers better products and services. For this reason, we are conducting purchasing activities for goods and services in accordance with the following policy.

Regulation

Basic Purchasing Policy

1. Rational selection standards
We will select vendors based upon rational and clear standards such as quality, price, delivery assurance and operating stability, so as to purchase superior goods and services from the most competitive suppliers. Decisions on purchasing are made by the Purchasing Division, which is independent from other divisions.

2. Openness and fairness
We will impartially provide all Japanese and overseas vendors with opportunities to sell us their products and services. In addition, we will vigorously strive to purchase not only from vendors with past transactions, but from newcomers as well.

3. Observance of laws, conservation of natural resources and protection of the environment
In conducting our purchasing activities, we will seek to fulfill our role as a good corporate citizen by observing all related laws and regulations and by taking into consideration such factors as conservation of natural resources and the protection of the environment.

We hope your understanding of our purchasing policies, and procedures, as elaborated here, will contribute to establishing and furthering a beneficial partnership based on mutual trust.

Main Items Purchased

Raw Materials

Silver, aluminum (ingots and sheets), pulp, base film, base paper, LDPE/HDPE, PET, PTA, MEG, TAC, gelatin for photosensitive materials, magnetic iron oxide, resin, plastic powder, chemicals (ultraviolet absorbent, plasticizer, solvent, special chemicals, etc.)

Packaging Materials

Cardboard cartons, boxes, laminated packing (bags and sheets), rolls, wrapping film, etc.

Equipment, Machinery, etc.

Manufacturing equipment, electric equipment, environmental air conditioning, processing facilities, equipment for research experiments, office and work consumables, fixtures and fittings, products and components for manufacturing equipment, etc.

Parts for Digital Cameras etc.

ICs, LSIs, CCDs, connectors, circuit boards, optical lenses, resin and molds, etc.
**Toward Sustainable Development**

**Green Procurement and Green Purchasing**
Concern for the environment from the perspective of the procurement of parts, materials, and other items is one of the items for consideration in the Design for Environment (P.70) that Fujifilm is implementing. Fujifilm sets green standards for its suppliers and the products it procures, and works to make improvements in both standards and products. These standards are available on Fujifilm’s Website.

In the fiscal year 2003, Fujifilm attained its goal of using 100% green procurement when purchasing for 5 types of office products. We are making every effort to expand the adoption of green procurement. The suppliers are required to obtain ISO14001 or to meet 9 of the 12 requirements for Green standards. In the fiscal year 2006, an item for “CSR initiatives” based on the Nippon Keidanren Charter for Good Corporate Behavior was incorporated into the inspections of the level of environmental friendliness of the business environment being conducted on suppliers, and efforts were made to promote understanding among suppliers. Furthermore, the systems (inspection methods, briefings and audits) and know-how established with suppliers in green procurement are being utilized in the management of chemical substances (RoHS compliance) (P.57) by further developing green procurement.

**Green Procurement Standards for Suppliers**

1. Hold ISO 14001 certification or expect to obtain it within three years, or, hold EcoStage*, EcoAction 21*, or KES*, or are scheduled to obtain one of these certifications within one year.
2. For suppliers that do not meet standard 1. above: Must be compliant with environmental-related regulations; do not handle any of the chemical substances specified by Fujifilm; and satisfy 70% or more of the 12 items* Fujifilm has specified related to environmental preservation and chemical content.

**Green Procurement Standards for Products**

1. Do not contain chemical substances specified in Prohibited Chemical Content*.
2. Measure and manage Chemical Content Subject to Reduction* and Chemical Content that Must Be Measured*.
3. Provide accurate information on the management of the receipt of raw materials and parts, processes, and shipments, in line with the Guidelines for Management of Chemical Content.

**Fuji Xerox Sustainable Paper Procurement**

In December 2004, Fuji Xerox established the Paper Procurement Rules Concerning the Environment, Health and Safety with regard to paper procured inside and outside Japan by Fuji Xerox and its affiliates. In addition to compliance with laws and regulations, these rules require that pulp used as raw material is provided from sustainably managed forests and that the source of paper used for recycled pulp is clearly stated. Negotiations with suppliers began in 2005, and it was confirmed that all domestic paper companies conform to the rules. There were some overseas suppliers that did not conform to the rules, but alternative suppliers were investigated and the procurement system was almost completely in line with the rules by the end of 2005. We will continue to conduct investigations yearly and request the submission of written oaths in an effort to maintain conformance with the rules.

http://www.fujixerox.co.jp/eng/sr/environment/product/

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*5 types of office supplies: (1) office automation paper, (2) copiers, printers, and fax machines, (3) PCs, (4) writing and other office supplies, and (5) general-purpose goods.

* EcoStage: An environment evaluation and support system to assist small and medium-sized companies in creating and operating environmental management systems that are less burdensome than the ISO systems but still ensure transparency.

* EcoAction 21: This system enables users to implement, operate, and maintain environmental initiatives effectively and efficiently, set objectives related to the environment, take action, summarize the results, evaluate them, and prepare reports on these activities. This system was created as a certification and registration framework based on the EcoAction Guidelines established by the Ministry of the Environment and offers an environmental system that is easy for small and medium-sized companies, schools, and others to use.

* KES: An environmental management system recommended by The Miyako Agenda 21 Forum.

*12 items: (1) corporate philosophy and policy relating to environmental preservation, (2) goals for environmental preservation, (3) implementation plan, (4) organization for promoting environmental preservation, (5) conduct reviews of compliance with relevant laws, (6) prevent atmospheric pollution, (7) prevent water pollution, (8) system for management of chemical content, (9) reduce waste, (10) conserve energy, (11) crisis management systems, and (12) related education and training programs.

* Prohibited Chemical Content: Chemical substances for which manufacture, use, import, and other actions are prohibited.

*7 Chemical Content Subject to Reduction: Chemical content that will be reduced as a result of trends in legal regulations and Fujifilm policies.

*8 Chemical Content that Must Be Measured: Chemical content that must be measured as provided for in Fujifilm’s Basic Regulations for Design for Environment.
From Green Procurement to Management of Chemical Content

Background for Initiatives
Each electronic and electrical product, for example a medium-sized one, manufactured and provided by Fujifilm and its affiliates is made of 1,000 to 20,000 parts. In cases where parts contain harmful chemicals, it is necessary to dispose of the products appropriately after use so as not to cause environmental pollution and damage to health. Accordingly, there is a worldwide movement to take preventative action such as limiting the use of these harmful substances contained in products by regulation, such as the RoHS Directive and REACH Regulation. At Fujifilm, we believe it is necessary to employ management of chemical content, as the next phase concept of green procurement throughout the entire supply chain to ensure thorough compliance with the world’s laws and ordinances aimed at protecting the environment.

Seminars for Suppliers
In 2005, Fujifilm established Basic Regulations for Management of Chemical Content and Guidelines for Management of Chemical Content. Subsequently, we have created related internal systems, conducted in-house seminars, and taken other measures to raise the awareness of these matters within the Group. Beginning in August 2005, we held 9 seminars for 985 employees of 680 of our suppliers that handle chemicals covered by RoHS, with the aim of making our suppliers fully aware of related issues. In January 2007, we started seminars covered by the second survey, and 226 employees of 180 of our suppliers had participated by March. From the second survey, to gain the understanding of people that could not participate in seminars, and overseas suppliers, we created e-learning materials with voice commentary in three languages (Japanese, English and Chinese), which are currently being used.

Self-Surveillance System
There are several thousand suppliers directly providing parts and other goods to Fujifilm. In view of the number of items to be surveyed and minimizing trouble with suppliers, we have introduced electronic surveillance. Under this system, we rely on suppliers to conduct self-surveillance and then register information on the management of chemical content via the Internet. Electronic surveillance includes the “chemical content self-surveillance” and the inspections of the level of environmental friendliness of the business environment used to assess the status of ISO 14001 acquisition etc. In the second survey conducted from March 2007, items concerning CSR were added to the self-check of the level of environmental friendliness of the business environment to promote CSR initiatives that are growing in importance and for use as reference for Fujifilm’s own initiatives. All information on management of chemical content can be found on the Fujifilm website in Japanese, English and Chinese.

After examining the surveillance results, Fujifilm makes inquiries and conducts on-site inspections, when appropriate, to confirm actual workplace conditions in order to provide guidance and support. The basic stance of Fujifilm is to work with our suppliers for improvement. In future, we will work together with all suppliers inside and outside Japan and also promote self-surveillance within Fujifilm and its affiliates to ensure proper management of chemical content in Fujifilm and its affiliates.

Participation in and Contribution to JAMP
JAMP (Japan Article Management Promotion-consortium) is an organization made up of companies from the chemical, electric and auto industries that was launched to comply with REACH (P.71) that came into force in August 2007. JAMP recognizes the need for appropriate and smooth communication of information on the chemical content of products throughout the supply chain, and it promotes activities such as the creation of practical mechanisms to reduce the burden of investigating information on the chemical content of products, providing support for dissemination among companies and the preparation of infrastructure for providing information. Fujifilm has actively participated in JAMP as one of founding companies and aims to make the Japanese industry more competitive on the global stage and to contribute to the world.

Web
http://www.jamp-info.com/ (Available in Japanese only)
Social Activities

Communication with Our Employees

The Fujifilm Group Charter for Corporate Behavior states the following principle regarding personnel: “We strive to develop the skills of all employees, to provide safe and comfortable workplaces, and to respect diversity, individuality and differences.” Based on this principle, we work to create bonds of trust with employees and with society.

Overview of Activities in the Fiscal Year 2006

To make employees’ work and the workplace contribute to the affluence of their lifestyles and offer them valuable experience, we are undertaking initiatives on a number of fronts. These include providing a suitable workplace environment, helping them to maintain and improve their health and offering support for raising their families as they work. Looking to attain the goals of our Medium-Term Management Plan “VISION75,” the fiscal year 2006 saw us implementing structural reforms in the Imaging Solutions Business, effectively and efficiently reassigning personnel to existing growth businesses and new businesses, while promoting Fujifilm Way activities (FW activities) throughout the company to transform the corporate structure and striving to strengthen working-level capabilities in the workplace.

FW activities are aimed at the creation of “strong individuals, strong organizations” able to adapt to changes in the environment. The ideal image of employees and the basics of working methods are summed up in the FW Guidebook, a book distributed to employees. In the latter half of the fiscal year 2006, an “Organization Diagnosis Survey” was conducted for all employees, and the survey results were used to identify issues in each workplace, and efforts are now being made to transform these workplaces.

In the fiscal year 2006, we also launched a project team (mainly made up of women) for examining career advancement for women and support for successful balancing of work and home life, and worked to build a new personnel information system (online in January 2007) to promote the effective utilization of personnel.

The transition to a holding company structure in October 2006 has led to the strengthening of consolidated management, and in future, we will promote interaction between personnel in different groups, work appropriately and effectively utilize personnel, and provide the necessary support in educational aspects. Please see the website below for details on the activities of Fuji Xerox.

http://www.fujixerox.co.jp/company/sr/stakeholder/employee/index.html
(Available in Japanese only)

-Composition of the Fujifilm Workforce
(Non-consolidated Figures for Fujifilm)

-Numbers of regular employees
(Non-consolidated Figures for Fujifilm)

-Composition of Workforce by Years of Service
(Non-consolidated Figures for Fujifilm)

-Average Age, Average Years of Service, Average Number of Dependents, Utilization of Paid Leave
(Non-consolidated Figures for Fujifilm)

Utilization of paid leave is for the period from October 16, 2005 until September 30, 2006.

Our Employees

Status of the Workforce

Due to the broad spectrum of businesses engaged in by the Fujifilm Group and the extent of its global business operations, steps have been taken to improve the working environment and welfare aspects in accordance with diverse cultural and social conditions with an emphasis based on the communities and values in each country and region. We are also working to promote interaction between personnel among group companies to improve the utilization of personnel throughout the entire Fujifilm Group.

In January 2007, we introduced a new personnel information system to promote more effective utilization of personnel. In recruitment, we are working from the perspective of securing the next generation of leaders and a diverse range of personnel. Following on from last year, company information meetings were conducted by the Fujifilm Group including Fujifilm and Fuji Xerox in January 2007, assisting the recruiting activities of the companies in the group. We have also increased the number of opportunities in joint recruitment seminars for communicating the direct opinions of employees about our business operations and their work. We have also continued the internship program and we are working to promote an understanding of Fujifilm among students.

Persons newly employed in the fiscal year 2007 included 36 university graduates for office positions (8 of whom were women) and 157 university graduates for technical positions (23 of whom were women). To employ mid-career personnel from outside the Group who already have significant professional experience, Fujifilm has an ongoing recruitment program. In the fiscal year 2006, 37 mid-career personnel (including 6 women) with bachelor degrees were employed. Further information on employment at the Fujifilm Group is available on the Fujifilm Website.

http://www.fujifilm.co.jp/corporate/jobs/ (Available in Japanese only)
Responding to Diversity

▼ Support for the Performance of Women

The Second Foundation of Fujifilm signifies our entry into new businesses and the transformation of how we work, and these changes require even greater effort from employees than in the past, and they must perform to their maximum potential in their respective workplaces. For the Company to create a stronger corporate culture, it is necessary to ensure that a diverse range of personnel can perform well regardless of factors such as gender or age, and we would particularly like to strengthen initiatives to create a corporate culture in which women can succeed.

At present, Fujifilm still has few women in managerial or leadership positions, but we are addressing this challenge. In recent years, there has been an increase of female candidates for managerial positions, and we are taking steps to foster their opportunities more systematically. As of March 31, 2007, there were 10 women in managerial positions in Fujifilm (non-consolidated), which was 3 more than the previous year.

In March 2007, we launched the F-POWER Project Promotion Team made up primarily of women for the purpose of further promoting the achievements of women in the Company, in an effort to create a corporate culture conducive to the success of women.

▼ Balancing Work and Life

In July 2007, the following systems were implemented in Fujifilm based partially on opinions from the F-POWER Project Promotion Team and incorporating the perspectives of “establishing an environment enabling performing to potential and concentration on work without any concerns even in maternity and child-rearing,” “making a company-wide response to the declining birthrate per household and the demographic aging of population in Japan” and “supporting self-development initiatives of employees.”

• Implementation of reduced working hours
  Working hours may be reduced by up to 2 hours per day for parents of children up to the 3rd year of elementary school.

• Improved nursing leave system
  In addition to permitting nursing leave in half-day units, the age of children covered has been raised from “before elementary school” to “up to the 3rd year of elementary school” and the number of days of leave that can be taken has been raised from five to six.

• Provision of lump-sum payments for birth of children
  First child: 50,000 yen  Second child: 100,000 yen  Third child and onwards: 1,000,000 yen per child

• Support for fertility treatment
  Stock leave*1 may be used for fertility treatment and a leave of absence of up to one year may be taken (financial support from the benefit society has also been introduced).

• Support for self-development
  Stock leave may be used for self-development.

Other systems including maternity leave for seven weeks before giving birth and eight weeks afterwards, which is one week longer than the statutory amount of leave, and up to two years of leave for child-rearing may be taken before the child turns three years old. There have also been cases in which male employees have taken leave of absence for child-rearing or long-term “stock leave” for child-rearing, clearly signifying that use of the system has become more widespread.

Three male employees utilized child-rearing leave in the fiscal year 2006. In accordance with the Law Concerning Measures for Fostering Next-Generation Workers, we have established a “General Employer’s Action Plan,” and in addition to implementing initiatives, we have also applied for “certification” as a company utilizing these initiatives.

### Data

![Data Table]

<table>
<thead>
<tr>
<th></th>
<th>Care for the elderly</th>
<th>Child rearing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal 2004</td>
<td>10</td>
<td>45</td>
</tr>
<tr>
<td>Fiscal 2005</td>
<td>2</td>
<td>39</td>
</tr>
<tr>
<td>Fiscal 2006</td>
<td>1</td>
<td>32</td>
</tr>
</tbody>
</table>

▼ Reference

Systems for Supporting Compatibility of Work and Family Life

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

1. Child Rearing
   (1) Systems catering for pre and post-birth requirements
   (2) Leave of absence for child rearing
   (3) Use of stock leave for child rearing
   (4) Systems for employment while child rearing
   (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

2. Caring for family members
   (1) Leave of absence for caring for the elderly
   (2) Use of stock leave for caring for the elderly
   (3) Systems for employment while caring for the elderly

3. Other
   (1) Leave of absence for volunteer work
   (2) Use of stock leave for volunteer work
   (3) Use of stock leave for self-development

*1: Stock Leave: 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, caring for elderly persons, and volunteer activities.

▼ Responding to the Aging Society

Fujifilm is addressing directly the issues of the declining birthrate per household and the demographic aging of population. In July 2005, Fujifilm introduced its Employment System for Workers with High-Level Skills and its Work Management and Surveillance System, with the goal of improving its methods for transmitting sophisticated skills and know-how from senior to younger workers. Fujifilm is implementing these systems effectively as one approach to dealing with Japan’s demographic aging of the workforce. Following the revision of Japan’s Law Concerning Stability of Employment for Senior Workers in April 2006, Fujifilm has taken steps to revise standards for the selection of those to be re-employed, employment renewal conditions, and salary standards, and has reviewed and revised the system for re-employment based on labor agreements. In the fiscal year 2006, about 40 employees were re-employed. The mandatory retirement system in which managerial personnel must retire from their position at a certain age was abolished in October 2006 as we employed a framework in which employees can perform according to their own intentions and skills regardless of age.

▼ Promotion of Employment of Persons with Disabilities

To provide persons with disabilities with more equal employment opportunities, employers with a workforce above a specified level are required by law to employ at least 1.8% of persons with disabilities. Fujifilm considers the aptitude of each individual and is working to offer a safe working environment where they may make full use of their abilities, also employing people with mental disabilities in the fiscal year 2006. At the end of the fiscal year 2006, the number of these persons employed at Fujifilm (non-consolidated) was 1.77%, but efforts are underway to raise this figure to more than 1.8%.

### Topic

Launch of the F-POWER Project Promotion Team

In March 2007, Fujifilm launched the “F-POWER Project Promotion Team,” which promptly began its activities. F-POWER is an abbreviation of “FUJIFILM POSITIVE WOMEN ENCOURAGING RENOVATION” and is based upon the desire to create a truly strong Fujifilm in which every woman can perform to her full potential and succeed through her achievements. The team is primarily made up of women and considers issues that should be addressed in the future from the perspective of “enabling female employees to perform to their full potential and continue to work in Fujifilm.” Specifically, this involves raising awareness around individuals such as “improving awareness guidance and support capabilities of the workplace and supervisors,” “improving support for the compatibility of work and child rearing” and “increasing the individual’s motivation to work,” in addition to considering specific proposals both for systems underpinning these efforts and for support. Through these activities, we would like to achieve the Company’s goal of creating “strong individuals and strong organizations.”

A meeting of the F-POWER Project Promotion Team
Creating a Secure Workplace

▼ Collaboration between Labor and Management
We at Fujifilm respect the vision of the labor union and endeavor to maintain cooperative relationships for the sake of happiness of employees and growth of the Company. To this end, we arrange for frequent opportunities for communication with the labor union. The Central Labor and Management Committee holds regular meetings to offer an opportunity for the exchange of views between the Company and the representatives of labor, and labor and management committees at each workplace also hold regular meetings. Employee awareness surveys are conducted by the labor union once every four years. The results of the survey held in November and December 2006 show that responses regarding whether it is “worthwhile working at Fujifilm” are generally better than in other companies, however, awareness of “feeling the significance of and having dreams about the Company and its business” is on the decline. Analysis by the labor union suggests that the reason for this is that “Each individual is unable to substantiate management policies in the tasks they face.” We would like to improve dialogue to provide opportunities for “each employee to substantiate their own tasks” and elicit positive feelings from union members, while linking these efforts to the creation of strong individuals.

▼ Key Revisions to Systems Conducted According to Agreements between the Labor Union and the Company (Fujifilm non-consolidated)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Item</th>
</tr>
</thead>
</table>
| Fiscal 2004 | • Implementation of F-PRO (discretionary work system)  
              • Revisions to housing systems  
              • Provisions for external assignment to domestic affiliates |
| Fiscal 2005 | • Implementation of system for supervising workers with high-level skills  
              • Improvement of child rearing and elderly care systems  
              • Revisions to employee rental housing systems |
| Fiscal 2006 | • Revisions to re-employment systems  
              • Clarification of transfers and external assignment regulations  
              • Revisions to travel expense regulations |

▼ Union Members, Proportion, Average Age
(Non-consolidated Figures for Fujifilm)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>(Proportion %)</th>
<th>(Average Age Years)</th>
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<tr>
<td>2001</td>
<td>8</td>
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<td>8</td>
<td>42.6</td>
</tr>
<tr>
<td>2005</td>
<td>8</td>
<td>42.7</td>
</tr>
<tr>
<td>2006</td>
<td>8</td>
<td>43.1</td>
</tr>
</tbody>
</table>

▼ Creating Healthy Minds and Strong Bodies
Fujifilm conducts questionnaire surveys and provides interviews with a company-employed physician based on the amount of hours of work. In addition, we have introduced a labor management system that allows for the monitoring of labor conditions of full-time and other employees and implements other focused initiatives to check on the health of employees. In 2005, we expanded the coverage of our system that provides for interviews with a company-employed physician, which are conducted upon the request of employees and with the consent of their supervisors, thus establishing a system for health care that involves teamwork among medical care personnel, employees’ supervisors, and employees themselves.

Fujifilm has already adopted a number of these measures, but beginning in 2002, these activities have been stepped-up, principally through the formation of a Companywide Physical and Mental Health Promotion Committee including industrial medical care professionals. In the fiscal year 2007, we plan to introduce a self-check system for mental health and work to improve awareness about self-care. We will also improve systems for preventing mental illness in advance through measures such as interviews conducted by industrial health staff and medical care professionals. Also, when persons who have taken leaves of absence to recover from illness return to work, special periods can be set aside, as necessary, to provide for an easier transition back to a regular work routine, and the three parties just previously mentioned — specialists, employee supervisors, and labor departments — make arrangements for proper work design and follow-up care. We have prepared and distributed guides for these activities for the reference of managerial personnel and hold Mental Health Training sessions to help supervisors of employees increase their awareness of mental health care. These sessions include information to deepen the understanding of managerial personnel, including the introduction of checklist items for the early detection of illnesses, potential dangers, and other matters. In addition, along with the demographic aging of the workforce, the Fujifilm Health Insurance Society has held regular annual Health Improvement Seminars for those employees of Fujifilm and its affiliates who are insured by the health insurance union since 1995. These seminars, which are held at off-site locations, with participants spending the night at the seminar house, cover ways to improve eating habits and establish a proper life routine. Employees are free to invite their wives or husbands to attend these seminars with them, and, each time, the number of applicants exceeds the number of places available. To date, more than 1,300 persons have attended these seminars.

 Topic
Meetings between Fujifilm and Fuji Xerox Held by the Labor Union
Young employees from both companies actively exchanged opinions in a relaxed atmosphere in the meetings. Participants from Fujifilm voiced the opinion that they felt a strong sense of camaraderie as fellow members of consolidated companies, and participants from Fuji Xerox said that they could feel the strong awareness for reform among Fujifilm employees.

The labor union aims to create better workplaces and we would like to provide opportunities to monitor the opinions of employees in operating companies and share the information obtained with the Company.

Meeting between Fujifilm and Fuji Xerox Held by the Labor Union

▼ Respect for Human Rights and Elimination of Discrimination
The Fujifilm Group respects basic human rights and does not improperly violate the human rights of its employees. In addition, 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 and power harassment, we have prepared and distributed guidelines to all employees, including those of Fujifilm and its affiliates. In addition, we have provided a telephone consultation service (the sexual harassment hotline). Moreover, arrangements have been made for outside specialized counselors to receive requests for consultation from employees, and while respecting the privacy of individuals receiving consultation, we work toward the resolution of these issues. The card that we prepared and distributed in 2005 that provides the contact information for the sexual harassment hotline has made employees better aware of this service and made it easier to use.

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.
Health and Safety in the Workplace

Fujifilm believes “The health and safety of labor is a fundamental precondition for production activities.” We therefore place strong emphasis on safety on a daily basis and work to secure labor safety, in full compliance on a companywide basis with safety and hygiene laws and regulations. For example, activities that we conduct on an “as needed” basis include safety patrols by members of labor and management, improvement of workplace inspections with the participation of specialists, thorough measures to prevent disasters and the implementation of these measures in all workplaces, and training for employees.

In response to increased legislation addressing asbestos problems, we have conducted surveys of asbestos in company buildings, facilities and equipment. These surveys have covered all factories, offices, employee dormitories, and athletic facilities, including buildings not currently in use. As a result, we have completed work on all building materials, exposed asbestos or where asbestos might enter the atmosphere. We plan to continue to enhance our management of this issue and have made arrangements for health consultation and other measures as needed.

Labor Accident Ratio (Non-consolidated Figures for Fujifilm)

Labor Accident Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of labor accident victims</th>
<th>Gross number of hours worked</th>
<th>Labor Accident Ratio</th>
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</thead>
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<tr>
<td>2004</td>
<td>0.44</td>
<td>1,100,000</td>
<td>0.40</td>
</tr>
<tr>
<td>2005</td>
<td>0.08</td>
<td>1,000,000</td>
<td>0.08</td>
</tr>
<tr>
<td>2006</td>
<td>0.08</td>
<td>1,000,000</td>
<td>0.08</td>
</tr>
</tbody>
</table>

Labor Accident Severity (Non-consolidated Figures for Fujifilm)

Labor Accident Severity

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of workdays lost</th>
<th>Gross number of hours worked</th>
<th>Labor Accident Severity</th>
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</thead>
<tbody>
<tr>
<td>2004</td>
<td>0.02</td>
<td>1,100,000</td>
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</tr>
<tr>
<td>2005</td>
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<td>1,000,000</td>
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</tr>
<tr>
<td>2006</td>
<td>0.08</td>
<td>1,000,000</td>
<td>0.08</td>
</tr>
</tbody>
</table>

Career Paths to Promote Employee Development

Fujifilm emphasizes “nurturing self-motivated human resources” and work to strengthen employee self-reliance. This is because we believe that the growth and development of each and every employee contributes to the strength of the company and gives it the vitality to grow and because a group of people rich in individuality makes for a strong corporate organization and culture. Employees who are self-motivated identify issues on their own initiative and achieve results as they work through specific processes to address the issues they confront and undertake self-reforms.

Specifically, we are working to strengthen three areas: “improving personnel development in the workplace,” “improving the training curricula,” and “improving ways of motivating personnel.”

Nurturing Self-motivated Human Resources

Improve Personnel Development in the Workplace

- Strengthening personnel development capabilities in the workplace through the preparation of self-development plans and employee development interviews.

Improving the Training Curricula

- Expanding elective training programs and promoting Fujifilm Way activities.

Improving Ways of Motivating Personnel

- Continuing the Company’s in-house staff recruiting program.

Improving Personnel Development in the Workplace

Strengthening personnel development capabilities in the workplace through the preparation of self-development plans and employee development interviews.

To keep the momentum of the self-development cycle going, employees and their supervisors meet once a year and prepare a self-development plan that clarifies the growth objectives and issues of individual employees.

Supervisors and individual employees think together about what issues should be addressed and the types of work to perform, as well as what techniques and skills the employees will need to address issues and perform his or her work.

We began this employee development interview system in the fiscal year 2005, and we will implement it annually, making changes in the framework when necessary.

Improving the Training Curricula

Expanding elective training programs and promoting Fujifilm Way activities.

To provide support for employee development, we have introduced “layered training,” which helps employees to become reacquainted with what is expected of them in developing their capabilities in accordance with the roles they play and clarify the points employees should strengthen, “selected training,” that is designed to nurture future core personnel, and “training by job function,” which responds to specific needs in various workplaces, as well as “elective attendance training” that employees can undertake at the appropriate time to meet individual educational needs and attain specific growth objectives.

The elective training programs that began in July 2005 are under constant review and new programs are being introduced in an effort to respond to opinions from the workplace through steps such as the implementation of an e-Learning course in December 2005. The programs are popular with employees because they are able to select training that suits their own individual growth plans.

Fujifilm is also promoting Fujifilm Way activities throughout the entire company to attain “strong working-level capabilities.” This stipulates and provides the ideal image of what employees should strive to become (Fujifilm Mind), the basics of how to conduct work (Fujifilm Method) and the tools used to improve work methods (Fujifilm Tools). The Fujifilm Way Guidebook has been distributed to all employees to spread and establish the content of this concept in all workplaces, and Fujifilm Way Basic Training will begin in the fiscal year 2007 to provide employee training mainly for younger employees.

Improving Ways of Motivating Personnel

Continuing the company’s in-house staff recruiting program

The in-house recruiting program was launched in the fiscal year 2004 to encourage active career development and nurture a culture of facing new challenges. When starting up new businesses, focusing on strategic areas, and beginning new projects, the related divisions make requests for personnel. The requests that are selected from those submitted are made public on the in-house intranet and by other means to recruit suitable personnel broadly from within the company.

All personnel (including those holding the position of section chief) with three or more years of experience in the company are eligible to apply for positions, and their applications are treated confidentially. After the screening of related documents, applicants are interviewed by the division seeking to recruit personnel and the Personnel Division. Based on the results of the application process and interviews, employees may take up the position for which they have applied.

According to the monitoring of these activities thus far, those employees who have received the opportunity to make use of their accumulated technical capabilities, knowledge in special fields, abilities, and other qualifications are motivated and have strong expectations about their new positions; this has a positive influence on other employees around them. We plan to continue to monitor the positive influence and effects of this reassignment to new positions and continue to make improvements in the in-house staff recruiting program.

Impacts of In-House Staff Recruiting System

<table>
<thead>
<tr>
<th>Round</th>
<th>Date</th>
<th>Number of Positions Requested</th>
<th>Number of Applicants</th>
<th>Number of Qualified</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>August 2004</td>
<td>32</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>Second</td>
<td>February 2005</td>
<td>37</td>
<td>27</td>
<td>13</td>
</tr>
<tr>
<td>Third</td>
<td>August 2005</td>
<td>39</td>
<td>39</td>
<td>17</td>
</tr>
<tr>
<td>Fourth</td>
<td>January 2006</td>
<td>19</td>
<td>44</td>
<td>22</td>
</tr>
<tr>
<td>Fifth</td>
<td>August 2006</td>
<td>28</td>
<td>60</td>
<td>17</td>
</tr>
</tbody>
</table>
Contributing to Society

What can we do as a “good corporate citizen?” Ever conscious of the issues posed by this question, we continually engage in proactive initiatives to contribute to society and offer broad support for activities such as environmental education for future generations and preserving the culture of photography.

For more information on the social contributions of Fujifilm and Fuji Xerox, please refer to the websites below.

http://www.fujifilm.co.jp/eng/sustainability/conservation/ (Fujifilm)

http://www.fujixerox.com/eng/sustainability/ (Fuji Xerox)

Basic Concepts

As good corporate citizens, we strive to correctly understand and respect local cultures and customs and to actively engage in public interest activities, especially those that contribute to local community development. Based on this concept, the Fujifilm Group engages in environmental conservation activities, environmental education for future generations, community beautification programs and ongoing inter-community exchange, and continues to create social contributions through its business activities and products. Fujifilm Group is aiming to realize the objectives of its Medium-term Management Plan VISION 75 and is simultaneously carrying out bold structural reforms, proactive research and development investment and M&A, as well as large-scale investments in growth areas. We have continued to move ahead with the fortification of our corporate culture and the creation and cultivation of new businesses. The construction of second and third production facilities at our flat panel display material manufacturer FUJIFILM Kyushu has been decided in order to meet rising demand for LCDs. Furthermore, in Kaisei-town in Kanagawa Prefecture, we have opened the Fujifilm Advanced Research Laboratories with the objective of realizing concrete results that will contribute to the society of the future.

All of these projects are carried out with the understanding and cooperation of the local people in each community. In the future, Fujifilm Group will continue to deepen exchange-based communication with local communities, assist in the revitalization of these communities and contribute to the creation of abundant local societies. Moreover, by drawing on the unique qualities and areas of expertise that Fujifilm Group has at its disposal, a wide range of activities is being realized, such as educational programs that can convey our photography and related technologies to future generations. Moreover, by drawing on the unique qualities and areas of expertise that Fujifilm Group has at its disposal, a wide range of activities is being realized, such as educational programs that can convey our photography and related technologies to future generations. Moreover, by drawing on the unique qualities and areas of expertise that Fujifilm Group has at its disposal, a wide range of activities is being realized, such as educational programs that can convey our photography and related technologies to future generations. Moreover, by drawing on the unique qualities and areas of expertise that Fujifilm Group has at its disposal, a wide range of activities is being realized, such as educational programs that can convey our photography and related technologies to future generations.

For more information on the social contributions of Fujifilm and Fuji Xerox, please refer to the websites below.

http://www.fujifilm.co.jp/eng/sustainability/conservation/ (Fujifilm)

http://www.fujixerox.com/eng/sustainability/ (Fuji Xerox)
### Fujifilm Green Fund

In 1983, Fuji Photo Film, the predecessor of FUJIFILM Holdings, placed one billion yen in a public trust and established the “Fujifilm Green Fund” to provide support for preservation of the natural environment. This was the first nature preservation trust ever established by a private-sector enterprise in Japan. The fund has provided support and assistance for many activities related to the preservation and nurturing of the natural environment, including (1) the planting of forest areas for future use, (2) projects that are supportive of “greening” activities, (3) assistance for activities that encourage contact with nature, and (4) support for research related to the preservation and use of greenery. Since its establishment, the fund has provided a total of approximately 690 million yen in aid for nature preservation projects.

### Setsutaro Kobayashi Memorial Fund

This memorial fund was established in 1977 in commemoration of the achievements of the first president of Fuji Xerox, the late Setsutaro Kobayashi, and was created with the goal of deepening friendship and mutual understanding through academic exchange between Japan and the countries and regions of Asia and the Pacific. In the Foreign Student Research Assistance program, which began accepting applications in 1984, participants come to Japan from countries throughout the Asia-Pacific region. Research assistance is provided to young foreign researchers specializing in humanities or social studies at the doctoral level in Japan. There is also a research grant for Japanese citizens, the Kobayashi Fellowship, which has been held since 1996. In the fiscal year 2006, the fund provided support to students from 9 countries and regions, including 41 students under the Foreign Student Research Assistance program and 11 students under the Kobayashi Fellowship program.

### Fuji Xerox’s Narita Satoyama Conservation Group

The “Narita Satoyama Conservation Group” was formed by Fuji Xerox and its affiliates for the purpose of raising awareness with regard to environmental concerns. The “Satoyama Ordinance” was formed with the government of Chiba Prefecture, and with the cooperation of local landowners, activities commenced in March 2004. Working cooperatively with the Green Promotion Division of Chiba Prefecture government and the landowners, Fuji Xerox Chiba Co., Ltd. employees and their families visit Narita each month and experience the satoyama firsthand with the motto “Make it fun and yummy.” They can try out various kinds of forest work, such as tree-planting and cutting away underbrush, and a wide range of farm work, including the planting of shiitake spores, and the planting and harvesting of potatoes, sweet potatoes and rice. The participants and their children can experience together the joy of growing and harvesting crops with their own hands.

### Fujifilm Support of Asahi Ecoolart Series

Asahi Beer’s “Asahi Ecoolart Series” is a fusion of “Eco (environmental conservation activities)” with “Art (art and cultural activities)” and is a program that brings together artists with local residents, and develops creative ideas for the future by focusing on people, objects, nature and all the resources of the locality.

Fujifilm was a co-sponsor of the “Things, People, Artificial Objects and Nature in the Kisogawa River” project in 2006. Using QuickSnap local residents took photographs of the Kisogawa River. These are now available for viewing on the website below.

### Fuji Xerox Save the Wooded Area of Tsukahara Committee

In November 2002, Fuji Xerox started restoring the wooded land on the grounds of its Tsukahara Training Center (a forest roughly 36,000 square meters in area in Minami-Ashigara City, Kanagawa Prefecture), and launched the volunteer group Save the Wooded Area of Tsukahara Committee in order to nurture the broadleaf satoyama forest. Participants in this group include both current and former employees of Fuji Xerox and its affiliates and the local residents of Minami-Ashigara City.

On March 23, 2003, 1,100 seedlings were planted by around 70 volunteers, including local residents, in the 3,000 square meter site that was the first stage of the project. The seedlings planted were mainly deciduous broadleaf trees such as kunugi (Quercus acutissima) and konara (Quercus serrata), with an assortment of shrubs such as murasaki shikibiu (Callicarpa japonica) and komayumi (Euonymus alatus) as well. Currently, underbrush trimming and branch removal are being carried out on a monthly basis.

### Fuji Xerox Support for the Special Olympics

Fuji Xerox has been supporting the Special Olympics, a gala sports event for people with intellectual disabilities, since 1996. At the 4th Special Olympics Nippon National Summer Games, Kumamoto held in November 2006, Fuji Xerox took part with a wide range of activities. Concurrently in the fiscal year 2006, Fuji Xerox and its affiliates throughout Japan carried out support of activities in a variety of ways in each community, whether through donation and co-sponsorship projects, or by providing training venues, meeting rooms and services for flier production and copying. Many employees give their support by participating in these events as volunteer coaches, referees and event management staff. Fuji Xerox is continuing to approach these activities in such a way that even more employees will become deeply involved with the Special Olympics program, which is standardized and can be held anywhere in Japan.

### Celebrating the 4th anniversary of the tree-planting

In 2003, the project marked its 4th year. In November of that year, a ceremony was held to commemorate the anniversary of the tree-planting.
The term of this endowment is a five-year period at the University of Tokyo Graduate School of Medicine. University of Tokyo Graduate School of Medicine has been set up at 22nd Century Medical Center, as a titled "Integrated Image Informatics (Fujifilm)" has Hospital. Through this collaboration, a course entitled "Medical Center Project" at the University of Tokyo planning of the University of Tokyo's Center for Graduate School of Engineering. The term of this endowed chair position entitled for a new course within the bio-engineering department at the University of Tokyo Hospital. Through this collaboration, a course entitled "Integrated Image Informatics (Fujifilm)" has been set up at 22nd Century Medical Center, as a new course in the Radiology Department at University of Tokyo Graduate School of Medicine. The term of this endowment is a five-year period that started on July 1, 2006.

Fujifilm Labor Union

10th Anniversary of the China Tree-Planting Volunteer Program

Fujifilm Labor Union has organized volunteer tree-planting activities in China every year since 1998. This year was the 10th tree-planting, which was carried out from April 28 to May 5, 2007 in the Horqin Desert in the Inner Mongolia Autonomous Region. Joining from Japan were a total of nine employees of Fujifilm and Fujifilm Group, and from China, seven employees of FUJIFILM (China) Investment Co., Ltd. (FFCN) attended. For the second year in a row, the participants from FFCN were from the FFCN bases in Beijing, Shanghai, Guangzhou and Chengdu.

The employees all sweated in the hot desert together and planted 1,100 pine trees, completing a 3,500 square-meter area of grass checkerboarding (a buried lattice of grasses to suppress sand flow) and performing a large amount of pruning work. Participants made comments such as “I felt that I had to take the Horqin Desert as a lesson, and try to think about my life now,” “I used to think that environmental problems didn’t have anything to do with me, but this brought it all home,” and “There was so much surprise, joy and discovery; it was a very fruitful experience.” In the future, by having participants experience overseas nonprofit organization activities firsthand, we will continue carrying out our treecultivation activities, hoping that participants use their experience in NGOs activities overseas widen their perspectives than before and use that experience to their advantage in the future.

Fujifilm Support of Foxfire in Japan

The Foxfire in Japan project receives sponsorship from the Forestry Agency, the Ministry of Education, Culture, Sports, Science and Technology, the National Land Afforestation Promotion Organization, and the Network for Forest Conservation and Sustainable Use, a nonprofit organization. In this project, 100 high-school students selected from throughout Japan carry out listening-and-writing information-gathering sessions with “Experts and Masters of the Forest” (people who have many years of deep experience working in woodlands), such as lumberjacks, traditional hunters and barrel craftsmen, and these recorded accounts are brought together into a one-volume report. Fujifilm provides support to Foxfire in Japan as a part of its social contribution activities. The purpose of this program is to give consideration to the relationships between humans and forests and the richness of symbiotic interaction, and to thereby nurture healthy young people, unearth and perpetuate traditional crafts and skills, and promote an understanding of forest creation.

In August 2006, the advance training workshop for the 5th Foxfire in Japan program was held. In this workshop, employees from Fujifilm’s CSR Division became speakers and were interviewed by the high-school students. Through the act of listening, which forms the basis of the students’ listening-and-writing sessions with the Masters of the Forest, this was a basic training for learning how to make archives of the complete lifestyle methods that have been passed down unceasingly in the forests, together with the life-supporting knowledge, skills and wisdom and the correct way of the spirit of the people who live there. Some students were unfamiliar with operating the tape recorder and the taking of photograph portraits of the Masters of the Forest at the listening-and-writing information-gathering sessions is planned. As a result of photography serving as an excellent tool for archiving and communication, this project is being held in response to requests from the executive office and from 500 past participants of Foxfire in Japan.

Fujifilm Educational Support for Actualizing Inverse Manufacturing of QuickSnap

Fujifilm has been an active contributor to the Super Science High School project undertaken by the Ministry of Education, Culture, Sports, Science and Technology since it started. In this program, with the purpose of nurturing excellent human resources in science and technology fields, lecturers are dispatched to over 99 high schools that place particular educational emphasis on technology, science and mathematics. For the fifth program in May 2007, Fujifilm employees were dispatched as special lecturers to Takasaki High School in Gunma Prefecture, and lessons on the QuickSnap inverse manufacturing system were conducted. This project has received positive evaluations from Takasaki High School for the ideal use of the subject of the QuickSnap inverse manufacturing system in the first-year Super Science High School student curriculum, and is popular among the students as well. Fujifilm will continue the dispatching of lecturers in the future.

High-school students taking on the challenge of interviewing Fujifilm employees

Fujifilm in Japan website
http://www.foxfire-japan.com/
(Available in Japanese only)
Interaction with the Planetary Environment

Environmental Activities Report

The Fujifilm Group has laid forth the entire group’s Medium-term Environmental Policy, “The Fujifilm Group Green Policy,” which is founded on the concept of sustainable development, a key issue that must be addressed as a top, inevitable priority for our planet, the human race, and all business entities in the 21st century. The entire Fujifilm Group conducts all corporate activities according to the Green Policy, and is striving to achieve the targets established under the policy.
Delivering both business growth and advanced environmental quality to contribute to the sustainable development of our planet, the human race, and all business entities.

Business Development and Consideration for the Environment

The Fujifilm Group is currently assembling new growth strategies aimed at generating growth in the existing core business as well as new business segments. In light of greater demands for environmental protection, reducing environmental burden is an essential responsibility for today’s corporations. It is of paramount importance for the Fujifilm Group to curtail the higher environmental burden caused by increasing operations and expanding capacity, as well as properly complying with environmental regulations at the same time.

In order to shape new growth trajectories for the Fujifilm Group, it is essential to implement growth strategies for the key business segments of "Highly Functional Materials," "Medical Systems / Life Sciences," "Documents," and "Optical Devices." We have been actively making significant investments to achieve these ends, such as establishing FUJIFILM Kyushu. The FUJIFILM Kyushu plant was built as a complete recycling base guided by the principles of harmony with the local community and environmental protection, operating on 100% natural gas since the factory began operation. All Fujifilm Group production facilities have operated according to the principles of environmental protection, but recent growth and transformations in our business operations have ushered in higher total volumes of CO2 emissions across the group.

Nonetheless, companywide energy-conservation initiatives have generated significant improvements at our existing facilities. Aiming to be one of the top-class performers in Japan when it comes to countering global warming, the Fujifilm Group has also moved our 2012 target closer to 2010. Furthermore, we are making efforts to strengthen other environmental activities throughout the entire Fujifilm Group, such as managing waste materials subcontractors, monitoring waste water, and joint management of chemical substance content with business partners.

With legal regulations related to chemical materials becoming more stringent around the world every year, corporations are required to make enormous efforts in response to these. The Fujifilm Group is improving and ensuring the management of chemical substances, while fully utilizing the Company’s know-how as a manufacturer of chemicals to conduct numerous projects inside and outside Japan launched because of the need for legal compliance. Thorough initiatives are also being carried out because of the need for legal compliance in relation to the creation of new business. Furthermore, we are also actively implementing initiatives to handle new, unfamiliar legal regulations that come about when engaging in new areas of business.

In 2006, our Subcommittee for Promoting Design for Environment spearheaded initiatives to comply with Europe’s RoHS Directive (July 2006); China’s RoHS Regulation (March 2007); and Europe’s REACH Regulation (June 2006). We also set up REACH compliance teams in Europe and in Japan, and conduct further investigation which meets requirements of REACH compliance. In addition, another committee was established for GHS, which allowed us to be fully compliant with the revised Industrial Safety and Health Law enacted in December 2006. The Fujifilm Group also played a key role in formulating the guidelines for the Japan Chemical Industry Association. These activities are described in detail on page 71.

Environmental awareness and protection is the cornerstone of the Fujifilm Group’s corporate activities. As a manufacturer of photographic film since Fujifilm’s foundation, access to clean air and water has been essential to our success. Since the very beginning, the philosophy of returning nature’s blessings back to the natural environment has permeated throughout the Fujifilm Group. Based on that philosophy, the Fujifilm Group is conducting its operations while aiming to achieve the goals set out in the priority items of our medium-term environmental policy, the “Fujifilm Group Green Policy.” Furthermore, regular opportunities are provided to share knowledge and ideas about environmental awareness and education throughout the Fujifilm Group through events like “International Conference for Environmental Officers” held by Fujifilm and overseas subsidiaries, or the “Environmental Forum” held by Fujifilm and its affiliates and Fuji Xerox. With the aim of delivering both growth and high environmental quality, the Fujifilm Group is engaged in a concerted effort to reduce our environmental burden as well as fully comply with legal regulations.
Environmental Activities

Fujifilm Group Green Policy

Fujifilm enacted a medium-term environmental policy entitled “Fujifilm Group Green Policy,” and we are striving to deliver a high level of “Environmental Quality” in all of the products, services and business operations throughout the Fujifilm Group.

Fujifilm Group Green Policy

The Fujifilm Group has laid forth the entire group’s medium-term environmental policy, “The Fujifilm Group Green Policy,” which is founded on the concept of sustainable development, a key issue that must be addressed as a top, inevitable priority for our planet, the human race, and all business entities in the 21st century. The underlying concepts of the Fujifilm Green Policy serve to deliver high standards of both product quality and environmental quality in all Fujifilm products, services and business activities, and help contribute to sustainable development while maintaining customer satisfaction as well as keeping and stepping up trust between Fujifilm and stakeholders. The Green Policy lays forth nine priority items which outline the objectives for company policy.

April 2002 Issued
July 2007 Revised

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

1. We will promote environmental burden reduction and product safety assurance with the following three 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.
2. We will improve our chemical substance management to reduce environmental risks.
3. We will comply with legal regulations as well as Fujifilm Group regulations, standards, and requirements that are individually agreed on.
4. We will strengthen partnerships with our business partners, collaborate in government and industrial activities, and actively participate in community activities.
5. 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.
6. 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.

The following nine priority items collectively encompass the “Fujifilm’s Kanagawa Factory” facilities: Fujinomiya Factory, Yoshida Minami Factory, FUJIFILM Opto Materials, FUJIFILM Kyushu.

1. Specified manufacturing facilities: Fujifilm’s Kanagawa Factory (Ashigara and Odawara) facilities:
2. Unit energy consumption: Energy consumption per converted unit of production volume
3. Unit CO2: CO2 emission volume per converted emissions volume: unit of production volume

Revenues

3-1. Reduction of Greenhouse Gas Emissions

By the fiscal year 2012, specified manufacturing facilities’ domestic Fujifilm Group companies with large emission volumes will reduce their unit energy consumption by 30% from those of the fiscal year 1990 and will reduce unit CO2 emissions volumes by 40% from those of the fiscal year 1990. Fujifilm Group companies, other than the companies above, set separate goals individually.

3-2. Conducting Environmental Monitoring

Domestic Fujifilm Group companies’ manufacturing facilities that use regulated chemicals will periodically monitor soil, underground water, and wastewater conditions as well as VOC emission volume.

3-3. Leakage Measures for Pipes, Pits, and Tanks

Domestic Fujifilm Group manufacturing companies will continue implementing and augmenting their chemical leakage countermeasures. These include measures such as those to move pipes and other underground items above the ground and equip items with double walls, as well as measures to enable quick leak detection of underground items.

4-1. Continuation and Improvement of Zero Emission Activities

Each domestic Fujifilm Group company will maintain the current zero emission standard. They will, furthermore, pursue qualitative improvement with regard to resource recycling. Each overseas Group company will establish separate targets in line with the situation in its respective country.

4-2. Strengthening Waste Governance

Each domestic Fujifilm Group company will work to augment waste-related education programs and take thorough measures to achieve appropriate waste management.

Nine Priority Targets

1. Improvement in Eco-Efficiency

By the fiscal year 2010, the Fujifilm Group aims to improve its eco-efficiency with regard to six of all the environmental burdens, from A through to F (P.68), by twice as much as in the fiscal year 2000 level.

Eco-Efficiency = Value for Environmental Burden

2. Design for Environment

Fujifilm will design all new and remodeled products according to the “Basic Regulations for Design that Takes the Environment into Consideration.” At the same time, measures will be taken to promote the sharing among all the Fujifilm Group companies of environmental quality data on products and other items created in line with those regulations, including manufacturing equipment and packaging materials. The scope of this program will progressively be expanded to encompass the entire Fujifilm Group.

3. Reduction of Environmental Burden and Contamination Control

3-1. Reduction of Greenhouse Gas Emissions

By the fiscal year 2012, specified manufacturing facilities’ domestic Fujifilm Group companies with large emission volumes will reduce their unit energy consumption by 30% from those of the fiscal year 1990 and will reduce unit CO2 emissions volumes by 40% from those of the fiscal year 1990. Fujifilm Group companies, other than the companies above, set separate goals individually.

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4. Upgrading Waste Management

4-1. Continuation and Improvement of Zero Emission Activities

Each domestic Fujifilm Group company will maintain the current zero emission standard. They will, furthermore, pursue qualitative improvement with regard to resource recycling. Each overseas Group company will establish separate targets in line with the situation in its respective country.

4-2. Strengthening Waste Governance

Each domestic Fujifilm Group company will work to augment waste-related education programs and take thorough measures to achieve appropriate waste management.
5. Strengthening Chemical Substance Management

To comply with chemical substance regulations around the world, Fujifilm will maintain and strengthen its systems for reliably collecting relevant compliance information and for ensuring the legal compliance of product development and marketing operations. At the same time, we will strengthen our systems for responding to movements to increase the stringency of chemical management standards, including the new REACH chemical management regulations in force in Europe. Fujifilm will maintain dependable management operations based on the Fujifilm Chemical Substance Management System and will also work to upgrade these operations by introducing new safety testing and compliance testing technologies.

6. Management of Content Chemicals in Products (Raw Materials, Parts, Packing Materials, and Services)

To manufacture environmentally-friendly products, Fujifilm will continue to strengthen its supply chain management systems and survey its suppliers and procured supplies and services. Regarding suppliers, we will survey our management system for chemicals contained in products and work to upgrade that system. In addition, Fujifilm will start the surveys of suppliers’ CSR management. Regarding procured supplies, Fujifilm will undertake surveys and, at the same time, work to arrange contracts stipulating the absence of prohibited substances, clarify product specifications, and fortify inspection systems.

7. Construction and Improvement of Management Systems

Each Fujifilm Group company will work to create environmental and quality management systems and to continually improve those systems by integrating them into daily operation.

8. Information Disclosure, Information Provision, and Communication

Fujifilm will attempt to improve information disclosure/provision and communication through Sustainability Reports issued by each of the Fujifilm Group companies. Regarding products, the Group will work to promote the provision of the Material Safety Data Sheets (MSDS) as well as other safety-level information that responds to Globally Harmonized Systems (GHS). The Group will also seek to expand the scope of its product-related environmental information disclosure. Furthermore, the Fujifilm Group will strive to improve communication with all associated entities inside and outside of the organization.

\*4 GHS (Globally Harmonized System): Uniform (harmonized) international systems for classifying and labeling chemical substances

9. Employee Education

Fujifilm will conduct education and training pertaining to the environment and quality for employees at domestic and international Fujifilm Group companies. Fujifilm will also continue to improve various aspects of their education and training procedures, including the content of education, appropriate training measures, and textbook updating as needed.

\*A. Greenhouse Gas Emissions (Consolidated) Refer to P.73.

Despite efforts to reduce greenhouse gases such as adopting natural gas usage, higher production volumes of materials for flat panel displays led to emissions remaining unchanged since 2005.

\*B. Consumed Natural Resources (Consolidated) Refer to P.77.

Eco-Efficiency fell in this category due to significant increases in the usage of aluminum as a raw material for PS-Plates and TAC film for flat panel displays.

\*C. Atmospheric Emissions of Volatile Organic Compounds (Consolidated) Refer to P.79.

Various measures were taken to improve recovery rates, and reductions in usage of solvents contributed to improvements.

\*D. Consumed Packing Materials (Non-Consolidated) Refer to P.77.

Reduction measures like reducing the weight of digital camera packaging materials contributed to improvements.

\*E. Waste Generation (Consolidated) Refer to P.78.

Improvements were made by using several waste reduction efforts, such as reducing wastes through production process stabilization, recycling items previously scrapped and using materials effectively.

\*F. Water Consumption (Consolidated) Refer to P.78.

Reductions made to the amount of water used for producing photosensitive materials, and daily water conservation measures contributed to improvements.

Eco-Efficiency
The Fujifilm Group aims to reduce the environmental burden at all stages of the life-span of our products, from R&D to materials procurement, manufacturing, sales, and use of our products by customers as well as distribution fields related to these stages. The diagram provided here indicates the material input volumes for the entire Fujifilm Group for the fiscal year 2006, as well as the waste products generated during the various steps associated with R&D, manufacturing and distribution.

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*1 Figures for container packaging are for Fujifilm only.
*2 Domestic logistics data from FUJIFILM LOGISTICS CO., LTD.
**Process for Implementing “Design for Environment”**

Fujifilm’s “Design for Environment” takes many relevant factors into account, including the 3Rs (reduce, reuse, and recycle), chemical substance content, resource usage, LCA (life cycle assessment), conservation of electric power, and safety. Products that have not passed through a specified process for verification and approval for “environmental quality” cannot be manufactured and sold. Also, LCA is assessed according to the “LCA implementation rules” established in 2002 (LCA provides methods for quantifying and objectively evaluating the environmental burden across an entire product’s lifespan, from materials procurement to processing, transport, usage, and waste product recycling). Design for Environment initiatives also incorporate compliance with the RoHS Directive (including China) and European REACH Regulation.

**Master Database of Product Environmental Information**

Fujifilm requires all manufacturing divisions to update a “Product Environmental Information Master Database” with environment-related information, such as information about compliance with domestic and international environmental laws regarding all of our products. This system is currently being implemented, beginning with products that must comply with the RoHS Directive. To date, registration in the database of information on digital cameras and imaging equipment has been completed, and we are moving forward systematically with the registration of other types of equipment and materials. This database is now operated globally, with product environmental information made available to marketing and environmental divisions in Japan and overseas.

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**Environmental Activities**

**Design for Environment**

Since April 2003, the Fujifilm Group has designed all new products and improved existing products based on its Basic Regulations for Design that Takes Environment into Consideration. Furthermore, the Fujifilm Group has established compliance with the 2006 European RoHS directive; the Chinese RoHS regulations of March 2007; and the European REACH regulation of June 2007 as a top priority issue.

---

**Table: Process for Implementing “Design for Environment”**

<table>
<thead>
<tr>
<th>Safety</th>
<th>Reduction of chemical substances that have an adverse effect on the environment</th>
<th>Safety in disposal of used products</th>
<th>Safety in waste emissions and waste disposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management of chemical content (Green Procurement)</td>
<td>Conforming to the Green Procurement Standard (ensuring environmental quality in raw materials and parts). Management based on Basic Regulations for Chemical Contents and Guidelines for Management of Chemical Content.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3R</td>
<td>Utilization of Recycled materials (reuse and recycle). Reduction of consumption of natural resources and energy during product manufacturing and usage. Design of products capable of prolonged use, easy repair, and easy parts replacement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Providing customers with environmental information</td>
<td>Environmental labeling, indication of materials used, etc. Information on recycling and proper disposal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance</td>
<td>Compliance with domestic and international environmental-related laws and industry agreements</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table: LCA Implementation Rules**

<table>
<thead>
<tr>
<th>Elements of Design for Environment (the “Basic Regulations for Design that Takes the Environment into Consideration” are based on these elements)</th>
<th>LCA (life cycle assessment)</th>
<th>Evaluate CO₂ emissions, amount of environmentally-sensitive chemicals and waste materials across the entire product lifecycle</th>
</tr>
</thead>
</table>

---

**Diagram:**

- **Procurement of raw materials**
- **Production**
- **Distribution**
- **Use**
- **Disposal**

**Documentation**

- Environmental quality information sheet
- LCA assessment sheet

**Master database of product environmental information**

---

*1 Environmental quality information sheet: A document containing a summary of a product’s environmental information such as chemical substance content and recycling information.
Environmental Activities

Chemical Substance Management

At Fujifilm, we do safety assessments from early stages of chemical substances development, and aim to develop high performance and safe chemical substances. By fully leveraging our know-how gained as a manufacturer of chemicals, Fujifilm has developed comprehensive chemical substance management strategies covering all the processes from use to final disposal of chemical substances.

Basic Concepts

Here at Fujifilm, we operate according to the basic concepts of GSC (Green Sustainable Chemistry) which is an idea that promotes chemical technologies that are gentle on humans and the natural environment. From a product’s initial development to manufacturing stages, Fujifilm emphasizes not using high-risk chemical substances. In addition certain chemicals, for which there are concerns about the risk of toxicity despite a lack of clear information, have been designated for special monitoring. At Fujifilm, the following four points guide our efforts from the point of view of being relative to society and reduce the environmental burden.

Activities in the Fiscal Year 2006

As of July 1, 2006, the RoHS Directive prohibits the use of certain harmful chemicals, such as cadmium in electrical devices throughout Europe. Furthermore, other regulations similar to the European RoHS Directive have been initiated in Japan, California (U.S.) and China. At Fujifilm, in order to prevent these restricted substances from being used in products, Fujifilm has evaluated business partners concerning usage amounts of banned or restricted chemicals besides blind checking for the parts, and requested partners to perform self-audits over the internet concerning how these substances are being managed, and have implemented product sampling to test for banned or restricted substances. In particular, Fujifilm set up a Chinese RoHS Compliance Committee for the Chinese market to ensure products comply with certain labeling requirements designated on March 1, 2007. Over the course of meetings, this committee cooperated with a local Chinese office to exchange information concerning the new requirements, and managed to successfully meet the deadline of March 2007.

GHS refers to a global harmonized system to properly classify and label the hazards associated with chemical substances, and Japan led the world when it adopted GHS requirements as part of its Industrial Safety and Health Law in December 2006. At Fujifilm, we promote correspondence at the GHS Compliance Action Committee, and we created and provided safety labels and MSDS (Material Safety Data Sheets) that fulfill GHS requirements. We also explained to customers and held in-house training sessions regarding the meanings of GHS labeling.

Several existing chemical substances previously waived from regulatory requirements and chemical substances in article products are now covered by the REACH Regulation which was in force on June 1, 2007. When it comes to managing the chemical substances in certain products, the RoHS Directive covered six substances including cadmium, whereas the REACH covers over 1,000 substances. Fujifilm has taken measures to satisfy the REACH Regulation by holding meetings with personnel in environmental related roles from European partners and by establishing the REACH Compliance Action Team here in Japan in order to investigate which chemical substances should be targeted for registration. The REACH initiative has involved a great deal of cooperation between European authorities and the industrial sector in order to meet the demands of the REACH Regulations, and Fujifilm has actively participated in those proceedings. Moreover, an European Fujifilm representative has participated in the SPORT project (Strategic Partnership on REACH Testing), and identified obstacles in order to implement the REACH Regulation. Some employees of Fujifilm’s affiliates overseas are representing various industry organizations in the drafting of the RIP guidelines that instruct actual REACH Directive compliance. Please see page 57 for additional information on Fujifilm management strategies (RoHS compliance with Fujifilm Partners) for chemical contents.

Changes in the global regulatory environment

In addition to the RoHS like regulations started in Europe in July 2006, several similar regulations have also been enacted in Japan, the US, and China, that govern the management of chemicals contained in various products.

Reference

In terms of MSDS (Material safety Data Sheets) information, Japan became the first country to incorporate GHS into law. Meanwhile, several countries around the world are aiming to incorporate these regulations by 2008. In Europe, an even more extensive regulatory system, REACH, was in force on June 1, 2007.

Reference for Fujifilm employees

In-house MSDS aimed at labor safety and environmental safety management for Fujifilm employees
**Systems for Management of Chemical Substances**

Fujifilm manages these substances according to classification based on hazard, legal regulations and supervisory policy. Also, as tools for the management of chemical substances, the Fujifilm Group maintains, upgrades and revises databases created to facilitate chemical substance management. Chemical hazards are evaluated at the Fujifilm Material Safety Test Center which evaluates the health implications, effects on the ecosystem, and physical hazards of various chemicals. In March 2007, we also added an evaluation facility to help improve our capacity for safety assessments.

Furthermore, Fujifilm has designated special management policies, and is engaged in researching alternative substitutes on hazards such as endocrine-disruptors and substances for which there are concerns about risks despite legal regulation being unclear.

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### Classification of Chemical Substances and Standards for Classification

<table>
<thead>
<tr>
<th>Classification</th>
<th>Standards for Classification</th>
<th>Management agenda</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prohibition</strong></td>
<td>Planning and evaluating link to classification of chemical substances</td>
<td>Cased system or use limitation</td>
</tr>
<tr>
<td><strong>Closed system - based on risk</strong></td>
<td>Management based on risk</td>
<td></td>
</tr>
<tr>
<td><strong>General control</strong></td>
<td>(in accordance with relevant laws and regulations)</td>
<td></td>
</tr>
</tbody>
</table>

- C0: Chemical substances prohibited by law
- C1: Chemical substances that Fujifilm does not handle based on its policies (e.g., mercury compounds, cadmium and the compounds, etc.)
- C2: Chemical substances for which Fujifilm requires notification to the appropriate authorities or for which approval for use from the authorities is required by law
- C3: Chemical substances that are hazardous to human body and possess great and special hazards (e.g., carcinogen, explosives, etc.)

#### Inapplicable (Managed under other in-house regulation for article)

- A: Chemical substances included in machinery, equipment, and their parts
- B: Chemical substances included in packing, rating materials, and functional materials
- C: Materials contained in the production equipment having a low exposure risk.

#### Classification of Chemical Substances and Standards

1. The raw chemical materials sold and offered by Fujifilm Group companies as Fujifilm Products
2. Chemical products
3. Substances and rare material intermediates used for the production of raw chemical substances
4. Chemical substances used for the running, operation, and maintenance of the production facilities (for processing and testing a product, for treating wastewater and exhaust gas, and for ion-exchange water)
5. Chemical substances for research and development and inspection (used in amounts of more than 10kg per year)

#### Inapplicable (Managed under other in-house regulation for article)

- A: Chemical substances included in machinery, equipment, and their parts
- B: Chemical substances included in packing, rating materials, and functional materials
- C: Materials contained in the production equipment having a low exposure risk.

####毒性 evaluation

- Testing to meet legal regulations
- Japanese Industrial Safety and Health Law
- Internal safety tests (Tests undertaken at the Company’s initiative)

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**Safety Testing**

Fujifilm’s Material Safety Test Center engages in internal testing (on an autonomous basis) for safety, and compliance with legal requirements (as prescribed in the Chemical Substances Control Law) and the Japanese Industrial Safety and Health Law, and the safety evaluation of new chemical substances takes over periods of between 12 and 18 months.

Along with the revisions to the Chemical Substances Control Law in 2004, three new toxicity tests for new chemical substances that are used in quantities of more than 10 tons are required. Such substances must pass tests on algae, daphnia (water fleas) and medaka-fish (killifish). The Material Safety Test Center received certifications for its facilities for testing chemical substances from Japan’s Ministry of the Environment in 2005. The Material Safety Test Center follows the provisions of the Regulations for Ethical Animal Testing and conducts approved tests on animals when it conducts tests on chemical substances developed by Fujifilm.

In light of concerns over animal welfare, we are aiming to introduce an alternative testing method by 2008 for a skin sensitization test currently performed as part of our internal safety testing. The Fujifilm Animal Testing Ethics Committee has the responsibility of judging the appropriateness of all tests on animals conducted by Fujifilm and its affiliates and, in addition to surveillance of these activities, offers guidance, provides advice and conducts deliberations related to testing on animals, and issues warnings.

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**Dealing with Asbestos Contained in Products**

In recent years, the relationship between asbestos and cancer has become a controversial social issue in Japan, and manufacturers are required to disclose related information. From 2005 through 2006, Fujifilm has conducted a survey of asbestos contained in its products. The use of asbestos in certain products (including medical equipment and FUJIFILM Graphic Systems’ equipment) has been confirmed, but none of the Company’s products currently on sale contain asbestos. Fujifilm has filed a notification with the Japanese Industrial Safety and Health Law, regarding medical equipment supplied previously. Information on other equipment and products is displayed on the Fujifilm Website.

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*Restriction of the use of certain Hazardous Substances in electrical and electronic equipment: Restrictions governing the use of certain harmful substances in electrical and electronic devices in Europe, and restricting the usage of cadmium, mercury, lead, hexavalent chromium, and bromine fire retardants (PBB, PBDE) in electronics as of July 1, 2006.*

*GHS (Globally Harmonized System of Classification and Labeling of Chemicals): A globally harmonized system for classifying and labeling chemical substances. The GHS system is used for determining safety labels and safety data sheet of chemicals, as well as displaying such information in work places.*

*REACH Regulation (The Registration, Evaluation, Authorization and Restriction of Chemicals): More stringent restrictions for managing chemical substances that addresses traditionally used chemicals and chemicals contained inside certain articles. The REACH regulation aims to establish a management system for registering, evaluating, approving and restricting chemical substances.*

*Yellow card: This card contains information on the dangerous and harmful features of chemical substances, emergency measures to take when an accident occurs, and ways to call for help when needed. When dangerous and harmful products are transported on road, the person responsible (the driver) carries the appropriate yellow card containing the necessary information for taking quick and appropriate action in the event of an accident.*

*Chemical Substances Control Law: “Law Concerning the Evaluation of Chemical Substances and Regulation of Their Manufacturing, etc.”*
Environmental Activities

Working to Prevent Global Warming

By proactively installing energy-saving equipment and switching from bunker oil to natural gas, the Fujifilm Group has set goals for 2010, in comparison with 1990, of reducing the basic energy consumption per unit of production by 10% and emission of CO₂ per unit by 20% in its six main domestic chemical factories.

As the forecast for achieving these goals started to look ever more promising, we decided to set the bar even higher in 2007, and set targets aimed at improving basic energy units by 30%, and CO₂ basic units by 40% under the same conditions in 2012. In addition to energy saving policies, Fujifilm Group has also performed more in-depth energy analysis of manufacturing processes, and has set its sights on even never goals by promoting energy saving innovations throughout all production processes.

Reducing Emission of Greenhouse Gases

In both domestic and international production facilities, the Fujifilm Group has been actively working to reduce the amounts of Greenhouse Gases (GHGs) emitted by our operations by switching to natural gas, using more efficient production techniques, and implementing more technology for energy conservation. Reduction efforts focused primarily on the Fujifilm Group’s six main domestic chemical factories¹, which account for 60% of the entire group’s GHG emissions (calculated as a CO₂ equivalent).

Despite the total volume of GHG emissions increasing due to a rise in production volume, switching to natural gas resulted in a reduction of approximately 72,000 tons of CO₂ in 2006, with the outlook for reductions in 2009 to reach 210,000 tons (see Table 1 for more information on scheduled versus actual natural gas usage). CO₂ reductions are expected to continue in good form at the four Fujifilm production facilities, and are on schedule to fall back to approximately the same level as 1990 by 2009.

As of 2006, per unit of production the basic energy unit was 91%, and the basic CO₂ unit was 88% based on 1990 levels at the six domestic, major chemical factories. Fujifilm Group endeavor to advance further productivity to deliver even better improvements to basic energy units and basic CO₂ units.

¹ Six major domestic chemical factories of Fujifilm Group: Fujifilm Kanagawa Factory (Ashigara, Odawara); Fujifilm Yoshida-Minami Factory; Fujifilm Fujinomiya Factory and FUJIFILM Opto Materials Co., Ltd.; and FUJIFILM Kyushu Co., Ltd. Independent Environmental Action plans in accordance with the Japan Federation of Economic Organizations are in effect at these factories, which used large amounts of energy.

² GHG: Greenhouse Gases
³ “Calculation method”¹: Method to calculate CO₂ emissions from energy usage. DOMESTIC: Calculations conducted according to Ministry of Environment Guidelines (proposed). For electricity purchases, average value from the Federation of Electric Power Companies was used until 2005, and then coefficients provided separately by independent power companies were used after 2006. INTERNATIONAL: Calculations conducted retroactively based on the GHG Protocol. For electricity purchases, the “CO₂ EMISSIONS FROM FUEL COMBUSTION (2006 Edition)”¹ by the OECD was used.
⁴ Kyoto Mechanism: A mechanism enabling a country to utilize the reductions in emissions achieved in another country in order to meet targets for reducing emissions of greenhouse gases.

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</tr>
</thead>
<tbody>
<tr>
<td>Overseas facilities</td>
<td>100</td>
<td>92</td>
<td>96</td>
<td>93</td>
<td>93</td>
<td>94</td>
</tr>
<tr>
<td>Six main domestic chemical factories</td>
<td>18,338</td>
<td>12,166</td>
<td>10,022</td>
<td>14,588</td>
<td>12,431</td>
<td>12,172</td>
</tr>
<tr>
<td>Other domestic facilities</td>
<td>100</td>
<td>92</td>
<td>96</td>
<td>93</td>
<td>93</td>
<td>94</td>
</tr>
</tbody>
</table>

Breakdown of energy consumption (2006)

Breakdown of GHG² emissions (2006)

Trends in energy consumption (Six main domestic chemical factories)

Trends in CO₂ emissions (Six main domestic chemical factories)

Schedule for Transition to Natural Gas Table (1)

<table>
<thead>
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<tbody>
<tr>
<td>2003</td>
<td>0%</td>
<td>100%</td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
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<tr>
<td>2004</td>
<td>30%</td>
<td></td>
<td></td>
<td>90%</td>
<td>80%</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td></td>
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<td>2006</td>
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<td>2007</td>
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<td>2008</td>
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<td>2009</td>
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<tr>
<td>2010</td>
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</table>

Percentages in the table represent the amount of energy needs other than electricity purchases met with natural gas.

A highly-efficient natural gas cogeneration system capable of effectively generating heat and power at the Yoshida-Minami Factory.
Fujifilm Initiative
Participation in the World Bank’s Community Development Carbon Fund (CDCF)

In 2005, Fujifilm began investing a total of $9 million in the World Bank’s Community Development Carbon Fund (CDCF). Based on the GHG-reduction provisions of the Kyoto Mechanism*4, the CDCF has the objective of funding the implementation of small-scale projects in developing countries that contribute to the attainment of environmental and social objectives.

The La Esperanza Hydroelectric Project in Honduras is the first project in the world to earn carbon emission credits based on the Kyoto Mechanism and is a CDCF project. We are contributing to sustainable development and environmental protection in developing countries through projects like this.

Fuji Xerox Initiative
Introducing Biomass Power Production

Under an operating agreement with Japan Natural Energy Company Limited, Fuji Xerox started a green power project using biomass. By producing power using biomass, which relies on organic matter from factories as an energy source, this project produced 372 MWh of electricity a year, which reduced CO2 emissions by 133 tons.

Equipment for loading tree

Fuji Xerox Initiative
Thoroughly Implementing a 108-item Energy Conservation Checklist

In order to reduce CO2 emissions from all of its office locations, Fuji Xerox independently developed a 108-item energy conservation checklist for all of its domestic and overseas locations to help make lasting improvements to emissions reductions in conjunction with daily activities at energy conservation.

These energy conservation check points outline 36 points common for both office and production facilities, as well as 72 points unique to production facilities making a total of 108 items. These perform detailed checks on the level of actual initiatives, such as making sure each location carries out “energy conservation patrols,” and checking for variation in temperature settings of air conditioning units in offices.

<table>
<thead>
<tr>
<th>108-item checklist</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Advise item</td>
</tr>
<tr>
<td>2. 1. How to work, conserve energy activities</td>
</tr>
<tr>
<td>3. 2. 4. energy management system</td>
</tr>
<tr>
<td>4. 3. Maintenance of organization</td>
</tr>
<tr>
<td>5. 4. Human resource allocation of energy conservation</td>
</tr>
<tr>
<td>6. 5. Expansion for existing energy objectives management</td>
</tr>
<tr>
<td>7. 6. Correct energy investment budget</td>
</tr>
<tr>
<td>8. 7. Operation of existing energy patrol</td>
</tr>
<tr>
<td>9. 8. Operation of small energy savings (summer season)</td>
</tr>
<tr>
<td>10. 9. Establishing a no-energy work day</td>
</tr>
<tr>
<td>11. 10. Operational status of measurement records</td>
</tr>
</tbody>
</table>

A part of the 108-item checklist

As part of the effort to curb global warming, the Fujifilm Group participated in the “CO2 Reduction / Light-Down Campaign”*5, which was an event for the “Team Minus 6%” citizen action plan coordinated by the Ministry of the Environment. Continuing our participation from 2006, the Fujifilm Group extended the scope for this year’s “CO2 Reduction / Light-Down Campaign.” Starting with Fujifilm Headquarters in Tokyo Midtown, 104 facilities were chosen to have the lights turned off from 8pm to 10pm on Sunday, June 24 as part of an event called “Black Illumination 2007.”*6 Afterwards, Fujifilm independently initiated a turn-off-the-lights campaign for weekends and holidays during the three months up to the end of September, which resulted in lights turned off for 32 days. These activities generated electricity savings of 47,500 KWh, which is equivalent to 20 tons of CO2. This amounts to the energy consumption of 44 average households over one month. In 2007, we also participated in the “One Million People by Candle-Night”*7 campaign, and called on 135 companies in Japan (totaling almost 43,000 employees) to participate in the event together with their families. Finally, in an effort to conserve energy, FUJIFILM Holdings has set the temperatures of offices in its Tokyo Midtown headquarters to 28 degrees, and is promoting a no-necktie policy during the months of June through September.

*5 A campaign by the Ministry of the Environment to turn off the lights of illuminated buildings and turn off the power in homes in an effort to stop global warming.
*6 “Black Illumination 2007” is an event that is part of the “CO2 Reduction / Light-Down Campaign” and occurs at night on Sunday, June 24, calling for people to turn off the lights from 8 to 10 PM.
*7 An event led by the NPO group behind the “Black Illumination 2007” event, the Daichi wo Mamoru Kai (“Protectors of the Mother Earth”), asking workplaces and private homes to turn off the electricity.
Environmental Activities

Reducing CO₂ emissions and cutting back on the amount of exported packaging materials in our logistics operations is a key mission for FUJIFILM LOGISTICS CO., LTD., the main logistics operation in the Fujifilm Group, where a variety of initiatives are being conducted to reduce the environmental burden we create.

Activities to Reduce CO₂ Emissions

Results in the Fiscal year 2006

Policies aimed at reducing CO₂ emissions have been enacted every year at FUJIFILM LOGISTICS, and been implemented on a daily basis.

The total amount of CO₂ emissions for 2006 was approximately 60.5 thousand tons, which was an increase of 10.7 thousand tons on the previous year, but a range of energy conservation measures actually generated a CO₂ reduction rate of 1.2%.

Modal Shift Logistics System Using 5-ton Containers Deployed Nationwide

In December 2005, FUJIFILM LOGISTICS initiated a modal shift in its logistics operations by switching from truck transport to using JR 5-ton railway containers. In 2006, railway shipping was extended to 18 warehouses, generating even greater reductions in CO₂. This modal shift in logistics results in approximately 46.6 thousand tons reduction of CO₂ for 2006.

Weight Reductions by Switching from Wooden to Cardboard Boxes

In the past, wooden boxes were used to ship goods by air and by sea to some countries. After obtaining approval of consignee, we switched our boxes from wooden to cardboard ones at several destinations where the logistics situation was able to be improved. This initiative only started in the middle of 2006, but the impact on weight reductions was significant due to the high volume of units shipped.

Contributions Made through Reuse

Packing materials used for shipping large-size products (like master-rolls of film) from Fujifilm factories to overseas are sent back for reuse. These packing materials included pallets, cardboard used for external coverings, bolts, nuts, and particle board, but we conducted further reviews in 2006 to include several countries that had previously not been reusing materials.

As shipping volumes increase, the impact of reusing materials is quite significant in reducing waste. There are some pallets that have been reused over ten times in a span of several years.

Recycling Stretch Film

When we re-ship pallets of products returned from domestic vendors, we remove the stretch film covering the pallets and then package the products. This generates a great deal of unnecessary stretch film. In the past, this stretch film was disposed of as waste, but starting in March 2007, the material will be collected at the Yokohama Export Center of FUJIFILM LOGISTICS where used stretch film is compressed by machine into recyclable material for reuse. In this way, we have cut back on a portion of waste material from FUJIFILM LOGISTICS warehouse facilities.

Initiatives for Reducing the Weight of Exported Packing Materials in the Fiscal Year 2006

FUJIFILM LOGISTICS handles between 350 to 400 tons of packing material for export purposes each month (this weight does not include reusable materials). In the fiscal year 2006, 4,681 tons of packing materials were used, with total reductions amounting to 150 tons, for a reduction rate of 3.1%.

<table>
<thead>
<tr>
<th>Data</th>
<th>NOₓ and PM Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOₓ emissions</td>
<td>374.8</td>
</tr>
<tr>
<td>PM emissions</td>
<td>28.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Data</th>
<th>Trends in the Packing Material Reduction Ratio (Cumulative Total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Packing material reduction ratio (%)</td>
<td>4.0 3.1 2.3 1.8 1.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Data</th>
<th>Amount of CO₂ reductions and reduction rates through transportation efficiency improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year 2006</td>
<td>36.9</td>
</tr>
<tr>
<td>CO₂ reduction rate (%)</td>
<td>3.1 5.4 6.3 6.9</td>
</tr>
</tbody>
</table>

The total amount of CO₂ emissions for 2006 was 374.8 thousand tons, NOₓ emissions were 374.8 thousand tons, PM emissions were 28.8 thousand tons, and the total reduction rate was 3.1%.

<table>
<thead>
<tr>
<th>Data</th>
<th>Trends in the Total CO₂ Emissions in Domestic Transportation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Thousands of tons CO₂ / year)</td>
<td>36.9</td>
</tr>
<tr>
<td>CO₂ reduction rate (%)</td>
<td>3.1 5.4 6.3 6.9</td>
</tr>
</tbody>
</table>

The reduction of CO₂ gas emissions was calculated based on the distance traveled multiplied by the standard fuel economies derived from actual records (provided by a Ministry of the Environment publication).
**Topic**

**Improvements to Plastic Pallets**

Jumbo roll paper (Master Roll on original color paper, for example) have been traditionally transported using octagonal shaped plastic pallets. Improvements were made to these pallets by matching their diameter closer to that of the roll papers, and making it smaller (see the diagram at right).

Such improvements had a drastic effect on the loading ratios of paper roll shipments, and generated a 26-ton CO2 reduction for the fiscal year in domestic shipping operations. The effect is expected to be several factors higher if overseas shipping is also included. Previously, only eight of the roll papers would fit in a single 40-foot container, but these improvements now allow space for ten roll papers. Such improvements allow for more efficient logistical operations, and significantly cut back on the number of containers used per month.

**Fuji Xerox Develops Returnable Containers Usable More Than 100 Times**

In a joint development project with Starway Co., Ltd., Fuji Xerox has developed a reusable container that can be used more than 100 times. This container was developed to ship repair parts and other devices to the nearly 500 Fuji Xerox service and maintenance centers located throughout Japan. In addition to the container itself, we also developed a system for managing the container returns that was implemented from the end of August in 2006.

Previously, Fuji Xerox used normal cardboard containers to deliver repair parts to service stations. The containers were only used twice: once to send the new part, and once more to have the used part returned. However, using these returnable containers, it is possible to save a total of 1,294 tons of packaging material by the fiscal year 2010 (resulting in a reduction to 74% of the previous level). At the same time, approximately 658 tons of carbon dioxide and 0.82 tons of nitrogen oxide can be saved by 2010 that would have resulted in manufacturing and recycling the old packaging material. Consequently, the returnable containers are expected to make significant contributions to reducing the environmental burden created by our logistical operations. Lastly, these efforts have reduced packaging costs by around 40 million yen per year.

**How to Fold the Returnable Containers**

Using returnable containers (pictured below) is vital to transport efficiency. The containers are designed to easily collapse into a flat position that doesn’t take up extra space like a cardboard box when folded as indicated in the picture below. The containers are excellent for storing because nine boxes can be stored in one other container by folding them into three. This allows for a total of 10 returnable containers to easily fit into the space of one conventional container, which has a huge impact on transport efficiency.
The Fujifilm Group is engaged in a range of recycling and reuse activities designed to care for limited resources and prevent resource exhaustion, such as conserving and recycling water, recycling waste products, and reducing packaging materials.

Initiatives Related to Natural Resources

The Fujifilm Group exerts much effort in reducing the amount of natural resource inputs in order to efficiently use such limited resources without waste. In particular, we are striving to conserve and recycle exhaustible resources such as silver, and items with high-useage rates like aluminum.

The principal material inputs for the Fujifilm Group are described below. The Fiscal year 2006 saw reductions in silver as a result of falling production for photosensitive materials, yet this was matched by significant increases in TAC usage in flat panel displays, and aluminum used in printing materials.

Water Usage Initiatives

Consolidated domestic input for water resources for 2006 was less than the previous year, which marks a decrease for the sixth consecutive year since 2000. Despite a significant jump in production, consolidated inputs of water resources fell compared with the previous year.

These reductions are a result of various water conservation efforts at Fujifilm group production facilities. Since water plays such a crucial role for manufacturing photographic film, Fujifilm has treated water with much importance since our foundation, and we are constantly striving to protect water resources. At our Kanagawa Factory (Ashigara), we own nearly 230,000 m² of forest on the banks of a crater ridge formation in the Hakone area, which provides protection for the local watershed. In the same area, we also are involved with the local community to protect 7 million square meters of forested area. At the Fujinomiya Factory, we have 30,000 m² of forest under protection as a watershed protection area.

Protection of water sources is important not only for the stable operation of factories but also for the livelihood of people living in the region. Since the management of forestland also helps to minimize the effects of floods and other disasters, we intend to continue to manage these areas.

Activities at FUJIFILM Hunt Chemicals Europe, N.V.

In Europe, environment related regulations are becoming tougher by the year, demanding that products and production methods give even more consideration to the environment. Under this scenario, a plan was formulated in Belgium for reducing energy usage, waste products and water usage. Part of this plan includes a Water Recycling Project in our Fujifilm factory in Sint-Niklaas, which, based on revisions begun in the 90s to conserve water by using rain and well-water for tank cleaning processes, has resulted in 4,500 m³ of rain water being used each year in the plant’s production processes. Furthermore, as a result of installing a waste-water recycle device that combines active sludge with a membrane filter and reverse osmosis filtration, drastic cuts have been made to water inputs and waste-water by converting over 60% of waste-water back to water reusable in production. As a result of these activities, what generated around 3 liters of waste-water for every liter of product produced before now only generates 0.35 liters, which translates into a reduction of waste-water emissions to one tenth of their former level.

The principal material inputs for the Fujifilm Group over the fiscal years of 2000, 2005, and 2006 are shown in the table below. In addition to reducing container packaging, we have several initiatives underway to reduce the use of plastics, such as switching the plastic inner-panels used in the boxes for several digital cameras with pulp material, and reducing the laminate in protective cardboard used for printing materials.

As part of our efforts to make packaging materials more environmentally friendly, a “Packaging Responsible Care Promotion Committee” is held regularly that shares information and investigates options for handling environmental concerns, and looks for ways to further reduce the environmental burden of packaging related topics. In combination with efforts to reduce packaging volumes, future activities will also take a deeper look at survey and reducing the chemical content in packaging materials.

In Europe, environment related regulations are becoming tougher by the year, demanding that products and production methods give even more consideration to the environment. Under this scenario, a plan was formulated in Belgium for reducing energy usage, waste products and water usage. Part of this plan includes a Water Recycling Project in our Fujifilm factory in Sint-Niklaas, which, based on revisions begun in the 90s to conserve water by using rain and well-water for tank cleaning processes, has resulted in 4,500 m³ of rain water being used each year in the plant’s production processes. Furthermore, as a result of installing a waste-water recycle device that combines active sludge with a membrane filter and reverse osmosis filtration, drastic cuts have been made to water inputs and waste-water by converting over 60% of waste-water back to water reusable in production. As a result of these activities, what generated around 3 liters of waste-water for every liter of product produced before now only generates 0.35 liters, which translates into a reduction of waste-water emissions to one tenth of their former level.

![Image](https://example.com/image.png)
Initiatives for Dealing with Waste Products

Reduction in Waste Products and Attainment of Zero Emissions

Efforts for recycling waste products and restricting the amount of waste generated continued into 2006, and the amount of waste generated by Fujifilm on a domestic consolidated basis remained constant compared with the previous year. Looking at both domestic and overseas consolidated figures, the amount of waste generated fell by 1% compared with a year before despite business growth. Actual efforts reducing wastes are centered around converting waste products into useable items, and reducing losses in production processes. Fujifilm achieved its zero emissions targets in 2003, yet is constantly striving to take waste management to the next level. The next task that lies before us is to extend our zero emissions goals to Fujifilm affiliates such as overseas production facilities, paying special attention to those with high volumes of waste products. While actual efforts reducing wastes fell by 1% compared with a year before despite business growth, reduction in waste products is being shipped to recycling facilities where it is processed into material for thermal recycling at Fuji Xerox, “zero waste” has been achieved by recycling waste products like cardboard, plastic, regular trash and toner that result from domestic production activity. Currently, used toner material is reused as a supplemental raw material by paint manufacturers, and regular trash is being shipped to recycling facilities where it is processed into material for thermal recycling at power plants.

Zero Waste at Fuji Xerox Taiwan Taoyuan Plant

At the Fuji Xerox Taiwan Taoyuan Plant, a production facility for Fuji Xerox, “zero waste” has been achieved by recycling waste products like cardboard, plastic, regular trash and toner that result from domestic production activity. Currently, used toner material is reused as a supplemental raw material by paint manufacturers, and regular trash is being shipped to recycling facilities where it is processed into material for thermal recycling at power plants.

Recycling Waste Cooking Oil at the Kanagawa Factory (Ashigara) for use at Nakanuma Cosmos Academy

At the Fujifilm’s Kanagawa factory (Ashigara), a project is underway that recycles waste cooking oil from the staff cafeteria. All of the waste cooking oil is delivered to a local vocational and training center for the developmentally disabled, the Nakanuma Cosmos Academy, where the cooking oil is processed into fuel for diesel cars. In addition to providing fuel for the academy’s farming tractor and transport truck, the resulting biodiesel fuel is also put up for sale. In 2006, nearly 95%, or 2800 liters, of the waste cooking oil from the Kanagawa factory (Ashigara) was recycled as fuel for diesel vehicles.

Survey and Evaluation System for Waste Management Subcontractors

The integrated company system for surveying and evaluating waste treatment contractors that Fujifilm inaugurated during the fiscal year 2004 completed an initial round of survey and evaluation work during the first half of the fiscal year 2005. Cooperative survey work by head office staff and staff responsible for waste management at each workplace over a period of one year has enabled the firm establishment of unified evaluation rules for company use. Moreover, periodic reevaluations undertaken during the process of implementing the survey have enabled continuous improvement. Fujifilm’s affiliates (mostly new operations like FUJIFILM Kyushu and FUJIFILM Opto Materials) are also introducing the same evaluation system in their respective operations. The basic philosophy behind this evaluation system is to bring subcontractors up to the same level of waste management performance in order to ensure that waste products are handled in the proper fashion. In the future, we plan on getting the “Survey and Evaluation System for Waste Management Subcontractors” firmly in place in domestic affiliates of Fujifilm in order to further boost our capacity for waste product management.
Environmental Activities

Reducing Emissions of Chemical Substances

The Fujifilm Group is constantly striving to reduce the chemical substances released through production activities to the absolute bare minimum through a combination of standards stricter than statutory levels and extensive self-management practices.

Reducing VOC Emissions

Fujifilm was working toward the goal of reducing atmospheric emissions of Volatile Organic Compounds (VOCs) produced by our manufacturing processes by 50% by the fiscal year 2002 based on the fiscal year 1996 levels. In fact, however, Fujifilm achieved our even tougher 2004 target, which aimed to reduce VOC emissions by 50% based on the fiscal year 2000 levels.

Currently, Fujifilm is continuing to implement practices aimed at making even further VOC reductions. Moreover, in April 2004, the Fujifilm Group attained compliance with the Air Pollution Prevention Law (VOC Emissions Regulations), which came into force in the fiscal year 2005.

Data

Reducions in Atmospheric Emissions and VOCs

<table>
<thead>
<tr>
<th>Type of VOC</th>
<th>Name of VOC</th>
<th>Reduction (tons)</th>
<th>Reduction rate since 2000 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substances requiring reporting under the PRTR Law</td>
<td>Chlorohydrocarbon</td>
<td>194</td>
<td>54</td>
</tr>
<tr>
<td></td>
<td>Methyl alcohol</td>
<td>1,218</td>
<td>69</td>
</tr>
<tr>
<td></td>
<td>Ethyl acetate</td>
<td>315</td>
<td>78</td>
</tr>
<tr>
<td></td>
<td>Methyl ethyl ketone</td>
<td>163</td>
<td>79</td>
</tr>
<tr>
<td></td>
<td>Acetone</td>
<td>82</td>
<td>63</td>
</tr>
</tbody>
</table>

Reduction in volumes in the fiscal year 2006 compared with actual levels in the fiscal year 2000.

Emissions Reductions of Chemical Substances

In addition to those substances that must be reported under the PRTR Law*1 (Pollutant Release and Transfer Register Law), Fujifilm monitors another 10 items on a voluntary basis, primarily substances specified by the Japan Chemical Industry Association as requiring autonomous monitoring. From the fiscal year 2006, the company has expanded the scope of reporting and monitoring to include not only manufacturing raw materials but also chemicals used in research programs and other applications. This move has increased the comprehensiveness and strictness of reporting and monitoring. Data on substances used in amounts of one ton or more per year by Fujifilm and its domestic affiliates may be found on the Fujifilm website. Data is presented on usage volume, atmospheric emissions volume, volume going into sewage water, volume moved to factories or other facilities, and volume recycled. At the Fujifilm Fujinomiya factory, efforts to eliminate Bisphenol A and develop alternatives to VOCs were recently recognized and the factory was awarded the PRTR Grand Prize in 2007.

Management of PCBs

Under the Special Measures Law for Promoting the Appropriate Processing of Waste PCBs, which went into effect in 2001, Japan Environmental Safety Corporation has begun dealing with equipment containing PCBs, and Fujifilm is working to expeditiously complete the processing of the PCBs it has stored and managed carefully to date. The coupler solvent oil in old-type non-carbon paper contains PCBs, and Fujifilm was using PCBs at one time in the past. While the company has shifted to manufacturing non-carbon paper that uses no PCBs whatsoever since 1971, the Fujinomiya Factory has in storage and manages 11,520m3 of sludge containing PCBs (the equivalent of 1.5 tons of PCBs) that were left over from the production of old-type non-carbon paper. The company is currently considering the ideal method of processing these items as well as the selection of the optimal subcontractor for this work. Fujifilm conducts two surveys for PCBs contained in well water under surveillance in cooperation with Fujinomiya City and has confirmed that the PCBs have not seeped into underground water. The table below shows the status of storage and management of equipment and other items containing PCBs.

Data

Storage and Management of Devices Containing PCB (not including items with trace levels of PCB)

<table>
<thead>
<tr>
<th>Types of equipment containing PCBs</th>
<th>Amount in storage and managed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fujifil (consolidated)</td>
</tr>
<tr>
<td>High voltage transformers (quantity)</td>
<td>2</td>
</tr>
<tr>
<td>High voltage condensers (quantity)</td>
<td>364</td>
</tr>
<tr>
<td>PCB oil waste etc. (kg)</td>
<td>203.11</td>
</tr>
<tr>
<td>Sludge, etc. (kg)</td>
<td>11,520</td>
</tr>
<tr>
<td>Fluorescent lamp stabilizers (quantity)</td>
<td>16,371</td>
</tr>
<tr>
<td>Low voltage condenser including fluorescent lamps (quantity)</td>
<td>117,165</td>
</tr>
<tr>
<td>Low voltage transformer (quantity)</td>
<td>3</td>
</tr>
<tr>
<td>Rags (kg)</td>
<td>926</td>
</tr>
<tr>
<td>Other devices (quantity)</td>
<td>12</td>
</tr>
</tbody>
</table>

*1 PRTR Law: Abbreviation for the Pollutant Release and Transfer Register Law, which went into effect in July 1999 in Japan. The aim of the law is to have businesses that manufacture and use chemical substances improve their surveillance and management of suspected endocrine disruptors to gain a grasp of the volume of these substances emitted into the environment and prevent the disruption of the environment due to chemical substances before it occurs. Companies subject to the law were required to begin monitoring emissions of specified substances in April 2001 and have a duty to report their data to the government beginning in April 2002.

Emissions Reductions of Atmospheric, Soil and Water Pollution

Fujifilm is engaged in a range of activities to cut back on atmospheric pollution, such as making the switch to natural gas, which contains exceptionally low levels of sulfuric compounds. As an example of how Fujifilm is aiming to prevent emissions of water contaminants, each of our operations is performing environmental assessments of emissions of legally regulated water contaminants, as well as establishing independent control standards for reducing emissions. Trends of atmospheric and water contaminant emissions at Fujifilm are as follows.

Accomplishments and Initiatives in Preventing Atmospheric Pollution

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Accomplishments and Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>Kanagawa Factory (Odawara) shifted from the use of bunker oil A to bunker oil with lower sulfur content as fuel for its boilers and thus reduced SOx emissions.</td>
</tr>
<tr>
<td>1998</td>
<td>Fujinomiya Factory installed wet-type electric soot collectors for exhaust gas desulfurizing and thus reduced SOx emissions.</td>
</tr>
<tr>
<td>2000</td>
<td>Kanagawa Factory (Odawara) eliminated its waste solvent incinerator and reduced SOx emissions.</td>
</tr>
<tr>
<td>2002</td>
<td>Fujinomiya Factory (Ashigara) began to use natural gas to reduce CO2 and SOx emissions. Yoshida-Minami Factory installed low NOx burners on its boilers.</td>
</tr>
<tr>
<td>2003</td>
<td>Kanagawa Factory (Ashigara) began to use natural gas to reduce CO2 and SOx emissions.</td>
</tr>
<tr>
<td>2004</td>
<td>Kanagawa Factory (Odawara) began to use natural gas to reduce CO2 and SOx emissions.</td>
</tr>
<tr>
<td>2005</td>
<td>Fujinomiya Factory began to use natural gas to reduce CO2 and SOx emissions.</td>
</tr>
<tr>
<td>2006</td>
<td>FUJIFILM Kyushu introduced natural gas to reduce CO2 and SOx emissions.</td>
</tr>
<tr>
<td>2007</td>
<td>FUJIFILM Opto Materials will begin to use natural gas to reduce CO2 and SOx emissions.</td>
</tr>
<tr>
<td>2008</td>
<td>FUJIFILM Opto Materials will begin to use natural gas to reduce CO2 and SOx emissions.</td>
</tr>
<tr>
<td>2010</td>
<td>FUJIFILM Opto Materials will begin to use natural gas to reduce CO2 and SOx emissions.</td>
</tr>
</tbody>
</table>

Data

Trends in the Amount of Water Pollutant Emissions

- **Total Amount of COD**
  - 2004: 394 tons
  - 2005: 271 tons
  - 2006: 362 tons

- **Total Amount of BOD**
  - 2004: 262 tons
  - 2005: 385 tons
  - 2006: 357 tons

- **Total Amount of Nitrogen**
  - 2004: 1,364 tons
  - 2005: 1,397 tons
  - 2006: 237 tons

- **Total Amount of Phosphorous**
  - 2004: 3.5 tons
  - 2005: 9 tons
  - 2006: 5 tons

Trends in the Volume Atmospheric Emissions

- **SOx Emissions**
  - 2004: 1,397 tons
  - 2005: 1,160 tons
  - 2006: 96 tons

- **NOx Emissions**
  - 2004: 24.9 tons
  - 2005: 7.3 tons
  - 2006: 3.7 tons

- **Soot Particle Emissions**
  - 2004: 0.5 tons
  - 2005: 0 tons
  - 2006: 0.1 tons

*1 Details for logistic operations are in the section titled, “Environmental Considerations in Logistic Operations” (P. 75).
*2 Figures for 2006 are lower due to discharges into the sewer system.
*3 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.
*4 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.
**Conducting Environmental Monitoring**

To decrease chemical substance emissions, the Fujifilm Group has adopted air quality and water quality standards that are stricter than legal requirements and undertakes stringent autonomous chemical substance controls. Regarding substances covered by the PRTR Law, the Group regularly conducts surveys around factories that use such substances to monitor the concentrations of such substances in the air.

**Surveying and Remediation Soil and Underground Water Pollution Conditions**

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 pollution incidents in a timely fashion. 3 facilities currently remediate (please refer to the table below), and they continued in 2006.

**Prevention of Soil and Underground Water Pollution**

As a proactive measure to prevent pollution problems from arising, the Fujifilm Group is now installing all new plumbing and tanks above-ground to facilitate inspections and the location of leaks. We are also steadily proceeding with plans to relocate existing underground plumbing and tanks to above-ground locations as well as to install backup plumbing for emergency purposes.

---

**Soil and Groundwater Pollution Surveys**

<table>
<thead>
<tr>
<th>Name of workplace</th>
<th>Survey completion date</th>
<th>Pollution condition</th>
<th>Substance type</th>
<th>Method of remediation</th>
<th>Remediation status</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUJIFILM Corporation</td>
<td>Kanagawa Factory (Ashigara)</td>
<td>2001/11</td>
<td>Yes (soil)</td>
<td>Heavy metals</td>
<td>Replaced soil</td>
</tr>
<tr>
<td></td>
<td>Kanagawa Factory (Odaiwara)</td>
<td>2001/6</td>
<td>Yes (soil)</td>
<td>Heavy metals</td>
<td>Replaced soil</td>
</tr>
<tr>
<td></td>
<td>Fujinomiya Factory</td>
<td>2001/3</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Yoshida-Minami Factory</td>
<td>2001/3</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kaisei District</td>
<td>2001/3</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Asaka District</td>
<td>2001/12</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tokyo District (Minami Azabu)</td>
<td>2004/10</td>
<td>Yes (soil)</td>
<td>Heavy metals</td>
<td>Pending</td>
</tr>
<tr>
<td></td>
<td>Sendai District</td>
<td>2001/10</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuji Xerox Co., Ltd.</td>
<td>Ehina Center</td>
<td>1998/5</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Iwatsuki Center</td>
<td>1996/3</td>
<td>Yes (soil/underground water)</td>
<td>VOC</td>
<td>Detoxified soil</td>
</tr>
<tr>
<td></td>
<td>Takamatsu Center</td>
<td>2000/7</td>
<td>Yes (soil/underground water)</td>
<td>Heavy metals</td>
<td>Replaced soil</td>
</tr>
<tr>
<td></td>
<td>Nakai Research Center</td>
<td>1998/8</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuji Xerox Co., Ltd.</td>
<td>Group company workplaces (three locations)</td>
<td>2002/3</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FUJINON Corporation</td>
<td>Head office (Saitama City)</td>
<td>2001/4</td>
<td>Yes (underground water)</td>
<td>VOC</td>
<td>Pumped water</td>
</tr>
<tr>
<td>FUJINON SANO CORPORATION</td>
<td>1997/11</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FUJINON Mito Corporation</td>
<td>1999/9</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FUJIFILM TECHNO PRODUCTS CO., LTD.</td>
<td>Takamatsu Factory</td>
<td>2002/4</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Okayama Factory</td>
<td>1998/11</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hananomaki Factory</td>
<td>2001/6</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Akita Factory</td>
<td>2001/3</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FUJIFILM Electronic Materials Co., Ltd.</td>
<td>Shizuoka Factory</td>
<td>2001/11</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FUJIFILM PHOTONIX CO., LTD. (Kurokawa-gun, Miyagi)</td>
<td>2001/10</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuji Technics Co., Ltd. (Ayase City)</td>
<td>2002/3</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FUJIFILM IMAGING Co., Ltd.</td>
<td>Osaka Office</td>
<td>2001/11</td>
<td>Yes (soil)</td>
<td>Heavy metals</td>
<td>Replaced soil</td>
</tr>
<tr>
<td></td>
<td>Other offices (nine locations)</td>
<td>2001/6</td>
<td>No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*1 As a result of regular monitoring, repeated communication became necessary
*2 Will be completed by 2009
Environmental Activities

Sustainability Accounting

FUJIFILM Holdings compiles Environmental Accounts, which contain data on investments and expenditures made for environmental preservation as well as information on the impact of these investments and expenditures. In addition, the Group compiles Labor Environment and Social Accounts that contain information on the condition of the labor environment as well as the costs of contributions the Group makes to society and in certain other areas. Together, we refer to the process of creating and presenting the results of these activities as “Sustainability Accounting.”

Period covered: April 1, 2006 to March 31, 2007
Range of information sources for Labor Environment and Social Accounting:
The 51 domestic companies in the Fujifilm Group (FUJIFILM Holdings, 18 companies affiliated with Fujifilm, plus 32 companies affiliated with Fuji Xerox)

Labor Environment and Social Benefit Accounting

With an aim to establish accountability to internal management goals and the various stakeholders of Fujifilm CSR initiatives, the Fujifilm Group has been collecting information on the goals and outcomes of CSR activities in an easy-to-understand format for presentation to various project stakeholders. We have also started cooperating with NGOs, NPOs and suppliers to gather new sets of information, and are currently looking into ways to use this information productively.

▼ Situation as of the Fiscal Year 2006

The Fujifilm Group spent a total of approximately 7 billion yen toward improving the environments of employees and participating in social action programs costs for 2006. At 5 billion yen, employee expenditures marked a significant portion of these costs, and of that, 1.9 billion yen was spent on employee training, and 1.8 billion yen for developing more mobile, ergonomic workplace designs, such as the 500 million yen spent on the Fuji Xerox Cafeteria Plan.

A total of 1 billion yen was spent in the community category, which included 800 million yen for domestic cultural and artistic promotion activities, such as 300 million yen for FUJI Photo Salon. In the future, we are looking forward to actively joining forces with the non-profit sector to participate in local community action plans related to environmental causes.

▼ 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 for the year in question for the uses shown in the “Primary Activities” column in the accompanying table on labor environment and social benefit accounting 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.

▼ Labor Environment and Social Benefit Accounting for Fiscal Year 2006

(Monetary units: millions of yen)

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Goal</th>
<th>Primary Activities</th>
<th>Cost totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>Health and safety</td>
<td>Management for health and safety of labor, provide adequate fire prevention equipment*1, perform health checks, provide for mental health care</td>
<td>1,149</td>
</tr>
<tr>
<td></td>
<td>Personnel training</td>
<td>Train personnel with new knowledge, techniques and skills</td>
<td>1,901</td>
</tr>
<tr>
<td></td>
<td>Protect diversity</td>
<td>Support lifestyles capable of both work and family life, provide employment opportunities for those with disabilities, make provisions for an aging society</td>
<td>157</td>
</tr>
<tr>
<td></td>
<td>Design an ergonomic workplace that is easy to move in</td>
<td>Welfare programs like the cafeteria plan, flexible benefits package*3</td>
<td>1,764</td>
</tr>
<tr>
<td>Customers</td>
<td>Protect customer relations and safety</td>
<td>Communication with customers by the Customers Communication Center, complaint analysis cost; provide safety information, pink ribbon program, etc.</td>
<td>780</td>
</tr>
<tr>
<td>Future Generations</td>
<td>Education for future generations</td>
<td>Photography project, support for elementary and junior high school student environmental diaries, support university courses</td>
<td>85</td>
</tr>
<tr>
<td>Community (local society and government)</td>
<td>Harmony with the local community</td>
<td>Hold events like factory field trips, support employee participation in volunteer programs*4</td>
<td>183</td>
</tr>
<tr>
<td></td>
<td>Promote culture and the arts in society (domestic)</td>
<td>Fujifilm Photo Salon, etc.</td>
<td>807</td>
</tr>
<tr>
<td>International Community</td>
<td>Have consideration for the international community and international cultures</td>
<td>Charitable contributions for the Indonesian earthquake, support for international film festivals, WWF, etc.</td>
<td>38</td>
</tr>
<tr>
<td>NGOs / NPOs</td>
<td>Cooperation with NGOs and NPOs</td>
<td>Support textbooks with enlarged text for those with vision problems</td>
<td>52</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Consideration for products</td>
<td>Hold briefing sessions (on SCM), etc.</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>6,960</td>
</tr>
</tbody>
</table>

*1 Labor accident severity: 0.03; Labor accident ratio: 0.22 (non-consolidated figures for Fujifilm)
*2 Employment rate of persons with disabilities: 1.78%; Number of people taking nursing leave: 1 person; Number taking leave for childcare: 32 people (non-consolidated figures for Fujifilm)
*3 Fuji Xerox optional social welfare program (20,000 yen annually per person to be used for vacation, medical reasons, personal improvement, etc.)
*4 Total number of on-the-job hours used for volunteer activities was 4,143 hours.
Environmental Accounting

Accounting procedures for the Fujifilm Environmental Accounts were extensively reviewed and updated in 2006 when the Fujifilm Group was organized under FUJIFILM Holdings. Actual changes include detailed changes made to cost accounting procedures and standards for calculating environmental contribution rates used for allocating environmental conservation costs to capital investments and research and development costs, which entailed reviewing accounting items, methods and costs used in calculating economic outcomes.

Total costs for the fiscal year 2005 under the previous accounting method include 16.1 billion yen in investments and 62.8 billion yen in expenses for environmental protection costs, with environmental protection results generating an economic impact of 54.6 billion yen within the Company and an economic impact of 75.1 billion yen outside the company.

Period of coverage: April 1, 2006 to March 31, 2007
Scope of Accounting for Environmental Accounting:
64 domestic companies in the Fujifilm Group (FUJIFILM Holdings, Fujifilm and 20 affiliates; Fuji Xerox and 43 affiliates)

Overview of Fiscal Year 2006

Our primary capital investment for preventing environmental damage was the 2.8 billion yen spent on equipment to counter VOCs at the new FUJIFILM Kyushu production facility. This equipment offers advanced VOC recovery capacity that will translate into reductions totaling 159 tons of VOC emissions companywide. Another significant cost related to environmental protection comes into increasing our energy usage from natural gas. Despite achieving large reductions in CO2 and SOx emissions by switching to natural gas, rising energy usage caused by new plant construction and increased production of film applications for flat panel displays had a negative impact on energy-conservation initiatives.

Efforts to conserve water made progress, and approximately 1.5 million cubic meters of water were conserved, generating an economic impact of 500 million yen. Furthermore, more efficient use of raw material inputs generated per-unit reductions in the order of 17.7 billion yen.

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
  (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.
- 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, and the real impact of recovery, recycling, and other measures in value terms for the year in question is also accounted for.
- Economic impact outside the Group
  The difference in value terms from the previous year has been shown for SOx, VOCs, and CO2. For recycling, the anticipated benefit in value terms has been shown for the year in question. To compute the benefit for customers, the economic benefit for the year in question has been computed assuming that customers are using the new, environmentally friendly product.

Environmental Accounting for the Fiscal Year 2006

<table>
<thead>
<tr>
<th>Environmental Conservation Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Expenses incurred within the business site</td>
</tr>
<tr>
<td>(1) Environmental damage prevention</td>
</tr>
<tr>
<td>Anti-VOC units at new plant</td>
</tr>
<tr>
<td>Anti-atmospheric pollution measures at incinerator</td>
</tr>
<tr>
<td>(2) Global environmental protection</td>
</tr>
<tr>
<td>Promoting the switch to natural gas</td>
</tr>
<tr>
<td>(3) Resource recycling</td>
</tr>
<tr>
<td>Recycling</td>
</tr>
<tr>
<td>Waste processing</td>
</tr>
<tr>
<td>2. Upstream / downstream costs</td>
</tr>
<tr>
<td>Recovery from the market</td>
</tr>
<tr>
<td>3. Cost of management activities</td>
</tr>
<tr>
<td>Management systems, environmental measuring, greenery projects, environmental training for staff</td>
</tr>
<tr>
<td>4. Research and development costs</td>
</tr>
<tr>
<td>5. Costs for social action programs</td>
</tr>
<tr>
<td>Contributions to nature preservation organizations</td>
</tr>
<tr>
<td>6. Costs for handling environmental damage</td>
</tr>
<tr>
<td>Pollution levies, decontamination equipment for polluted soil</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

*1 SOx reductions: 51,000 yen/ton
  Bidding price of SOx emissions credits offered by the United States Environmental Protection Agency in 2007.

*2 VOC reductions: 350,000 yen/ton

*3 CO2 reductions: 2,721 yen/ton
  (Trading price of EU emissions credit 2008 futures at the end of March, 2007)

*4 2005 figures include CO2 emissions from non-energy sources.

*5 Cost for land-filing the waste product (100 yen/kg) times the reductions amount.

*6 200 yen/ton for clean water supply, 200 yen/ton for sewage water
Customer Benefits

1) Ultra high density magnetic recording materials
   Compared with previous versions, ultra-high density magnetic recording materials today offer extraordinarily high recording densities. This allows recording targets to be made with much less material compared with previous models, and contributes to reductions in material usage.

2) PS plates that need no proofing film
   PS plates called CTP plates require no proofing film. As a result, the cost of the proofing film, development costs, and purchase cost of CTP plates can be subtracted from PS plate costs and included in customer profits. This technology also significantly reduces the use of raw materials.

3) Liquid crystal display film
   By integrating wide-viewing-angle film with liquid crystal protective film into a single liquid crystal display film application, just one film application can satisfy what used to require two. This technology reduces material usage, as well as costs for the customer.

4) Office printers
   Current Fuji Xerox office printers use a fraction of the energy of previous models, which contributes to energy saving for customers. These savings in energy costs are calculated as an economic impact, and translate into CO₂ reductions of 55,250 tons.

### Environmental Conservation Effectiveness

<table>
<thead>
<tr>
<th>Capital Investment</th>
<th>Expenses</th>
<th></th>
<th>Economic Impact Inside the Group</th>
<th>Economic Impact Outside the Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>8239</td>
<td>16,669</td>
<td></td>
<td>Reduction in pollution levy</td>
<td>Reduction in CO₂ emissions *3</td>
</tr>
<tr>
<td>5625</td>
<td>6,128</td>
<td></td>
<td>Reduction of raw materials and resources used</td>
<td>Reduction of waste materials through reuse and recycling</td>
</tr>
<tr>
<td>2408</td>
<td>5,276</td>
<td></td>
<td>Energy conservation</td>
<td>Reduction in volume of CO₂ emissions *4</td>
</tr>
<tr>
<td>206</td>
<td>5,265</td>
<td></td>
<td>Reduction of raw materials and resources used</td>
<td>Reduction in volume of CO₂ emissions *4</td>
</tr>
<tr>
<td>344</td>
<td>12,072</td>
<td></td>
<td>QuickSnap recovery</td>
<td></td>
</tr>
<tr>
<td>310</td>
<td>11,318</td>
<td></td>
<td>Recovery of parts from used equipment</td>
<td></td>
</tr>
<tr>
<td>1333</td>
<td>20,050</td>
<td></td>
<td>Customer benefits are shown in the table below</td>
<td>37,652</td>
</tr>
<tr>
<td>0</td>
<td>236</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>97</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10,237</td>
<td>60,442</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Effect of primary material reduction**
  - 1) High-density magnetic memory materials: 3,054
  - 2) Pre-sensitized aluminum plates not using plate-making film: 12,579
  - 3) Film for LCDs: 18,159

- **Power-saving effect**
  - 4) Office printers: 2,860

- **Total**
  - 37,652

---

(Fuji Xerox)
The Fujifilm Group is actively engaged in educational initiatives involving all Fujifilm staff both in Japan and overseas that are designed to uphold and preserve our environmental commitment based on our underlying corporate philosophy.

**Environmental Activities**

**Environmental Communication**

The Fujifilm Group is actively engaged in educational initiatives involving all Fujifilm staff both in Japan and overseas that are designed to uphold and preserve our environmental commitment based on our underlying corporate philosophy.

**Environmental Education for Future Generations**

Cosponsorship of the "Green Lanes" environmental diaries

The "Green Lanes" (midori-no-komichi) environmental diary is a project by the Green Cross Japan Foundation. The project involves elementary school students keeping a diary for 90 days on things they notice and do related to environmental problems, with the aim of boosting environmental awareness of the participants. Fujifilm supported the Green Lanes project, and called on employees to get their children involved. On December 16, 2006, the project culminated in the “8th ‘Midori-no-komichi’ Environmental Diary Contest” awards ceremony and symposium held at Tokyo’s Big Site convention center. Nearly 5000 people gathered throughout the country, and the top prize was taken by fourth grader, Ryutaro Hora. Fujifilm also has similar plans for supporting the Green Lanes project in 2007.

Promoting Environmental Education for all Fujifilm Employees

**Basic Education**

In the Fujifilm Group, basic training to educate staff on the “Fujifilm Group Green Policy” is conducted with all employees, including those overseas. Together with affiliates, Fujifilm provides group training that matches local educational needs, primarily in an e-learning format (with training in Japanese, English, Chinese, German, Portuguese, Spanish, Dutch, etc.). Course content was changed for Japanese in May 2006, and currently, preparations are underway for offering French.

**Specialized Education**

In addition to basic education, educational programs are available that address certain specific jobs and tasks for managers and personnel in need of specialized training and skills. Several examples are included in the following table.

<table>
<thead>
<tr>
<th>Program</th>
<th>Primary target</th>
<th>Number of times held</th>
<th>Number of participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fujifilm and affiliates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LCA-education</td>
<td>R&amp;D, product planning</td>
<td>3</td>
<td>177</td>
</tr>
<tr>
<td>Chemical substance education</td>
<td>Staff at Fine Chemicals Business Div</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>Industrial waste education</td>
<td>Administrators, operators</td>
<td>8</td>
<td>140</td>
</tr>
<tr>
<td>Fuji Xerox and affiliates</td>
<td>Fine Chemicals product safety education</td>
<td>12</td>
<td>81</td>
</tr>
</tbody>
</table>

Global Development of Environmental Policies

**International Conference of Environmental Officers**

For the four days from November 7 to 10 in 2006, we held our 11th “International Conference of Environmental Officers,” which was attended by 33 people from 19 sections of Fujifilm, and 19 people from 7 affiliates. Held since 1991 with the aim of spreading Fujifilm Group’s environmental action around the globe, the conference provided an opportunity to share information and reach consensus regarding the key objectives of the Fujifilm Group Green Policy. In light of recent developments regarding new controls for chemical substances, it is necessary to share such knowledge with Fujifilm’s operations around the world, and the necessity for this meeting is on the rise. Main themes for year 2006 centered around complying with RoHS Directive, European REACH regulations and GHS, and all parties succeeded in improving mutual collaboration in the handling of these issues.

**Discussing Recent Developments in Europe with Affiliates**

In an effort to strengthen ties with local European affiliates and comply with ever stringent chemical substance control standards such as the current European REACH regulations, representatives from Fujifilm Ecology and Quality Management Division visited local Fujifilm’s European operations in October 2006 to share the latest information and discuss future strategies for chemical related compliance. The visits provided a valuable opportunity to exchange opinions with other representatives in the same industry and deepen understanding of the REACH regulations and GHS.

**Leading the First GSC Asia, Oceania Meeting**

The Green Sustainable Chemistry Network (GSC) is engaged in a range of international activities based on the concept of making social contributions through chemistry, and has previously held three international symposiums. Fujifilm supports the main objectives of the GSC Network, and as of June 2006, Fujifilm’s president Shigetaka Komori was serving as the GSC network Chairman.

Furthermore, the activities of the GSC network throughout Asia and Oceania are gaining precedence given today’s rapid rise in industrial activity throughout the region, and growing concerns about the environmental impact. The GSC network hosted its first GSC Asia and Oceania Meeting (GSC AON 2007) from March 7 to 9, 2007, with Fujifilm’s President Komori serving as chairman.
**Domestic and International Appraisals, Awards and Complaints**

**FUJIFILM Holdings Rated in Top 50 Companies by Global Reporters 2006 Survey**

FUJIFILM Holdings was rated one of the leading 50 companies worldwide by Global Reporters 2006, an international benchmark survey of corporate sustainability reporting. This year, FUJIFILM Holdings has been selected as one of the top 5 corporations in Japan and has received the top-level evaluation as a leading Japanese company.

**Received Environmental Communication Award:**

**Award for Excellence in Sustainability Reporting (3rd Consecutive Year)**

FUJIFILM Group Sustainability Award Report 2006 received the President’s Award for Excellence in Sustainability Reporting (Global Environment Forum President’s Award) at the 10th Environmental Communication Awards sponsored by the Ministry of Environment and the Global Environment Forum. The 2006 report was positively evaluated for its high level of communication with stakeholders, for its reporting of FUJIFILM’s stance of heeding and applying external evaluations in its business being made easy to understand and the use of detailed information regarding this stance throughout the report. This is the third consecutive year the Company has received this award.

**Received Grand Prize at the 10th Environmental Sustainability and Award Report Awards (3rd Consecutive Year)**

FUJIFILM Group Sustainability Report 2006 was awarded the Grand Prize in the sustainability report awards section of the 10th Environmental and Sustainability Report Awards, which is jointly sponsored by Toyo Keizai, Inc. and the Green Reporting Forum. The 2006 report received praise for its easily understood disclosure of the clear identification of the stakeholders and the interaction with and feedback from each of them, its sustainability accounting disclosure of the costs to society, and its format that conveyed the contributions made to society through company products. As a result, continuing from the Award for Merit received for the 2004 report and the Award for Excellence for 2005, this year’s Grand Prize is the third consecutive award received by FUJIFILM.

**FUJIFILM’s Fujinomiya Factory Received Award for Excellence at the PRTR Awards 2006**

FUJIFILM’s Fujinomiya Factory received the Award for Excellence at the PRTR Awards 2006 sponsored by the Center for Environmental Information Science. The Fujinomiya Factory was positively evaluated for its determination of chemicals management regulations, its implementation of chemicals management based on assessment of risks, and its proactive communication with the local residents regarding said risks.

**FUJIFILM / Suzuka Fuji Xerox Received Environmental Project Award and Award for Excellence in Environmental Management at Japan Environmental Management Awards**

At the 5th Japan Environmental Management Awards, sponsored by the Japan Environmental Management Award Committee, FUJIFILM received the Environmental Project Award in the environmental value creation section for its QuickSnap inverse manufacturing system. Moreover, Suzuka Fuji Xerox was granted the Award for Excellence in Environmental Management in the environmental management section due to its positive evaluation as an organization practicing comprehensive and balanced high-sustainability management in a manner that takes into account environmental, economic and social concerns.

**FUJIFILM Holdings Corporation Sustainability Report 2007**

**FUJIFILM Opto Materials Noise, 2 cases**

**Fuji Technica Noise, 1 case**

**FUJIFILM Holdings Corporation Sustainability Report 2007**

**Legal Compliance and Reports on Complaints**

In the fiscal year 2006, there were zero cases of environmentally related legal violations and 11 cases of environmentally related complaints. These complaints concerned primarily noise and vibration issues, all of which were addressed immediately with appropriate measures that were thoroughly explained to the satisfaction of the local residents. Every effort is being made to raise management levels and prevent recurrence.

**FUJIFILM Opto Materials**

**Issue:** Complaints from area residents regarding noise from the Advance Research Laboratories.

**Solution:** Soundproofing of north-side ventilators was carried out and their effectiveness confirmed.

**FUJIFILM Aotaka District**

**Issue:** Complaints from area residents regarding noise from steam discharge occurring during repair of steam ducting.

**Solution:** Placement of ducting changed. In the future, construction contractors will be informed of necessary measures and confirmation of construction details.

**FUJIFILM Fujinomiya Factory**

**Issue:** Complaints from area residents regarding abnormal color emitted from deodorization equipment. Determined that the activated charcoal in the deodorization equipment was no longer effective and was therefore replaced with fresh.

**Solution:** As an emergency measure, the activated charcoal was replaced and the residents were informed. A management procedure manual was then issued for the deodorization equipment, and daily and periodic inspection methods were clearly laid out.

**FUJIFILM Fujinomiya**

**Issue:** Complaints from area residents regarding abnormal sounds generated by defective bearings in the packaging circuit pump.

**Solution:** Bearings were replaced on the same day.

**FUJIFILM Fujinomiya**

**Issue:** Complaints from area residents regarding loud noises from the east side of the factory late at night, resulting in loss of sleep.

**Solution:** Determined that abnormal sounds generated by defective bearings in the packaging circuit pump.

**FUJIFILM Holdings Corporation Sustainability Report 2007**

**Noise, 1 case**

**Issue:** Complaints from area residents regarding soundproofing problems for exhaust ducts on facility roof.

**Solution:** As a temporary measure, the bearings were replaced. As the cause was insufficient preventive maintenance of the equipment, the frequency of equipment inspection was increased in the management procedure manual (from once every 10 months to once per month), and an additional periodic maintenance check was implemented once a year.

**FUJIFILM Holdings Corporation Sustainability Report 2007**

**Issue:** Complaints from area residents regarding noise originating from the exhaust duct of the venting equipment, the noise level exceeding the standard level set by the local government.

**Solution:** A management procedure manual was then issued for the venting equipment, and daily and periodic inspection methods were clearly laid out.

**FUJIFILM Holdings Corporation Sustainability Report 2007**

**Issue:** Complaints from area residents regarding complaints about noise from the venting equipment.

**Solution:** As an emergency measure, the activated charcoal was replaced and the residents were informed. A management procedure manual was then issued for the venting equipment, and daily and periodic inspection methods were clearly laid out.

**FUJIFILM Holdings Corporation Sustainability Report 2007**

**Issue:** Complaints from area residents regarding complaints about the steam emission from the venting equipment.

**Solution:** Placement of ducting changed. In the future, construction contractors will be informed of necessary measures and confirmation of construction details.

**FUJIFILM Holdings Corporation Sustainability Report 2007**

**Issue:** Complaints from area residents regarding complaints about the steam emission from the venting equipment.

**Solution:** Placement of ducting changed. In the future, construction contractors will be informed of necessary measures and confirmation of construction details. Additionally, noise levels were reduced to acceptable levels.

**FUJIFILM Holdings Corporation Sustainability Report 2007**

**Issue:** Complaints from area residents regarding complaints about the steam emission from the venting equipment.

**Solution:** Placement of ducting changed. In the future, construction contractors will be informed of necessary measures and confirmation of construction details. Additionally, noise levels were reduced to acceptable levels.

**FUJIFILM Holdings Corporation Sustainability Report 2007**

**Issue:** Complaints from area residents regarding complaints about the steam emission from the venting equipment.

**Solution:** Placement of ducting changed. In the future, construction contractors will be informed of necessary measures and confirmation of construction details. Additionally, noise levels were reduced to acceptable levels.

**FUJIFILM Holdings Corporation Sustainability Report 2007**

**Issue:** Complaints from area residents regarding complaints about the steam emission from the venting equipment.

**Solution:** Placement of ducting changed. In the future, construction contractors will be informed of necessary measures and confirmation of construction details. Additionally, noise levels were reduced to acceptable levels.
Third Party Evaluation Comments with Reference to AA1000 Assurance Standard

To: All the Readers of the FUJIFILM Holdings Corporation Sustainability Report 2007

Third Party Evaluation Comments with Reference to AA1000 Assurance Standard

July 13, 2007

Aarata Sustainability Certification Co., Ltd.

1. Objectives and Scope

We, Aarata Sustainability Certification Co., Ltd have been engaged by FUJIFILM Holdings Corporation (hereafter the “Company”) to evaluate the “FUJIFILM Holdings Corporation Sustainability Report 2007” (hereafter the “Report”). The objective is to evaluate whether the Company disclosed its CSR activities to its stakeholders in an appropriate manner in the Report and express our comments on it as an independent third party. Our evaluation is performed with reference to the AA1000 Principles (Materiality, Completeness, and Responsiveness), a set of principles established in the AA 1000 Assurance Standard (AS), released in 2003 by the Institute of Social and Ethical Accountability in United Kingdom as follows:

Materiality: The Reporting organization should include in the report the information about the reporting organization’s sustainability performance required by its stakeholders for them to be able to make informed judgments, decisions and actions.
Completeness: The Reporting Organization can identify and understand material aspects of the reporting organization’s sustainability performance.
Responsiveness: The Reporting organization should respond to stakeholder concerns, policies and relevant standards, and adequately disclosing the information of these responses in the report.

2. Evaluation Approach

Since the year 2004, we have evaluated whether the Company responded to its stakeholders’ expectations and achieved its accountability by listening to its stakeholders with reference to the Principles of the AA 1000AS. At the same time, in order to reinforce the basis for the CSR activities, the Company has improved its sustainability reports based on stakeholder dialogues, introduction of the AA1000 Framework, and enhanced information collection. We evaluated whether FUJIFILM Group’s CSR information are disclosed appropriately to its stakeholders in the Report.

3. Evaluation Methodology and Procedures

We started with identifying the material issues to the Company and its stakeholders based on the items indicated in the previous evaluation, information included in the previous report of the year 2006, and the results from stakeholder dialogues. As a result, we selected 19 items as material issues. In addition, we evaluated as to whether the information on the FUJIFILM Group’s CSR activities was appropriately disclosed to its stakeholders through the Report. For the evaluation, we adopted the following methodologies which are with reference to the Principles of the AA 1000 AS:

Evaluation of Materiality:
The AA1000 AS indicates that when assessing materiality, four parameters, namely, compliance performance, policy-related performance, peer-based norms, and stakeholder-based materiality be taken into account. We evaluated the materiality of the disclosed information in the Report by examining how many of the four parameters are considered at each of the 19 items.

Evaluation of Completeness:
The Completeness Principle of the AA 1000 AS requires the evaluation of the extent to which the reporting organization can identify and understand its sustainability performance associated with “activities, products, services, sites and subsidiaries, for which it has management and legal responsibility”. We thus evaluated the completeness of the disclosed information in the Report by examining which reporting boundary (classified either as “the entire Group,” “domestic group companies,” “FUJIFILM Corporation,” or “unidentifiable”) is covered at each of the 19 items.

Evaluation of Responsiveness:
We evaluated the responsiveness of the information disclosed in the Report by examining whether the responses with regard to the 19 items are specifically disclosed in the Report.

The summary of evaluation procedures we performed during the Company’s report preparation process is as follows:
• Review of the Report’s initial outline plan, and intermediate and final drafts.
• Attendance of stakeholder dialogues and in-house sustainability report readers’ meetings, as a third party.
• Interview with personnel in charge of CSR activities and review of relevant documents.
• Interview with the management.

4. Evaluation of Results with reference to the AA1000AS

The following is the result of our evaluation of the information disclosed in the Report with reference to the AA 1000 Principles (materiality, completeness, and responsiveness) under the AA 1000 AS:

Materiality: Out of 19 items evaluated, 2 items cover all the 4 parameters; 7 items cover 3 parameters; 10 items cover 2 parameters. In other words, all the 19 items cover at least 2 parameters out of all the 4 parameters. This led us to conclude that the Company adequately disclosed the information on the items that are material to its stakeholders, based on continuous stakeholder dialogues.

Completeness: Out of the 19 items reviewed, 8 items cover the entire Group; 7 items only cover domestic group companies; 3 items only cover FUJIFILM Corporation; and 1 item does not clearly indicate its reporting boundary. It is noteworthy that the “environmental activities” item covers the entire Group. The Company has launched the Group CSR Committee to promote CSR- con-
sicious management across the Group, and has established the Charter for Corporate Behavior, the Code of Conduct, and the CSR approach, which all are applied to the group-wide level. As a next step for the globally operating corporation, we recommend the Company obtain an understanding of CSR activities at the overseas group companies on a further detailed level and disclose the relevant information accordingly. Additionally, a future report would be improved if the reporting boundaries would be expanded in the areas of “personnel and training,” “diversity and equal opportunity,” and “occupational health and safety” for employees, since these items currently cover FUJIFILM Corporation only.

Responsiveness: Specific information was found with regard to the 18 items other than the “biodiversity policy.” In order to be fully responsive to stakeholders’ expectations, the Company has learned from the topics and issues discussed in the stakeholder dialogues (p.31) for future promotion and improvement of the Group’s CSR activities. In the Report, the readers will find information on the diversity and equal opportunity programs by Fujifilm Corporation (p.59), the promotion of understanding among business partners for CSR procurement (p.56), and Compliance Awareness Survey to understand the employees’ awareness levels over time and to clarify future challenges (p.40). The remaining “biodiversity policy” is scheduled to be addressed in the year 2007. As a next step, we hope that the Company will further upgrade its CSR activities across the group, guided by the “Steps for implementing CSR activities as they evolve through stakeholder dialogue (p.31),” and will disclose the progress of such efforts in future reports.

After performing the comprehensive evaluation on materiality, completeness, and responsiveness, we would like to suggest that the Company improve the level of information disclosure with regard to the “dialogues with local communities” and the items under the “employee” category. To this end, collection and disclosure of more detailed and material information, including that of overseas group companies, is recommended.

5. For Future Development

A sustainability report is an effective communication tool to demonstrate a company’s CSR activities and resulting benefits to its stakeholders. We look forward to seeing a future report include all necessary material information on the Company’s CSR activities, including that on the implementation and improvement processes. At the same time, we also expect the Company will use the results of continual stakeholder dialogues to help the Group take its CSR activities to higher levels.
Report on Third-Party Review

To: Mr. Shigetaka Komori
President and Chief Executive Officer
FUJIFILM Holdings Corporation

July 13, 2007

This is a translation of the report on third-party review in Japanese on the “FUJIFILM Holdings Corporation Sustainability Report 2007”. The translation has been done by and its responsibility lies with FUJIFILM Holdings Corporation.

1. Objectives and Scope

We, Aarata Sustainability Certification Co., Ltd., have been engaged by FUJIFILM Holdings Corporation (hereafter the “Company”) to review the “FUJIFILM Holdings Corporation Sustainability Report 2007” (hereafter the “Report”). The objective of the engagement is to independently express our conclusion as to whether the environmental and social information included in the Report was collected and reported in accordance with the Company’s policies and standards.

The preparation of the Report is the responsibility of the Company’s management. Our responsibility is limited to independently express a conclusion on the Report.

This is the eighth time we have reviewed the Company’s Report. Environmental and social information for the year 1998 or before is not subject to our review procedures.

2. Summary of Review Procedures Performed

We conducted our review procedures in accordance with the Assurance Standards for Environmental Reporting (Draft), established in March 2004 by the Ministry of the Environment of Japan, and referred to the International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), revised in December 2003 by the International Federation of Accountants.

The summary of review procedures we performed is as follows:
- Review of the relevant documents with regard to the Company’s overall status and environmental management, and inquiry thereof.
- Inquiry with regard to the establishment and implementation of the Company’s policies and standards for environmental and social information included in the Report.
- Review of the relevant documents with regard to the methodologies for measuring, compiling, and reporting the information under our review, and inquiry thereof; and
- Assessment of the consistency of the supporting documents, performance of analytical procedures, and reconciliation of sample data to supporting documents.

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3. Our Conclusion

Based on our review procedures, we have reached the following conclusion:
- To the extent of our procedures performed, nothing has come to our attention that causes us to believe that the environmental and social information included in the Report was not collected and reported in accordance with the Company’s policies and standards, in all material respects.

4. Independence

In accordance with the Assurance Standards for Environmental Reporting (Draft) and the provisions of the Certified Public Accountants Law of Japan, no reportable relationship exists between the Company and Aarata Sustainability Certification Co., Ltd.

Aarata Sustainability Certification Co., Ltd.

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