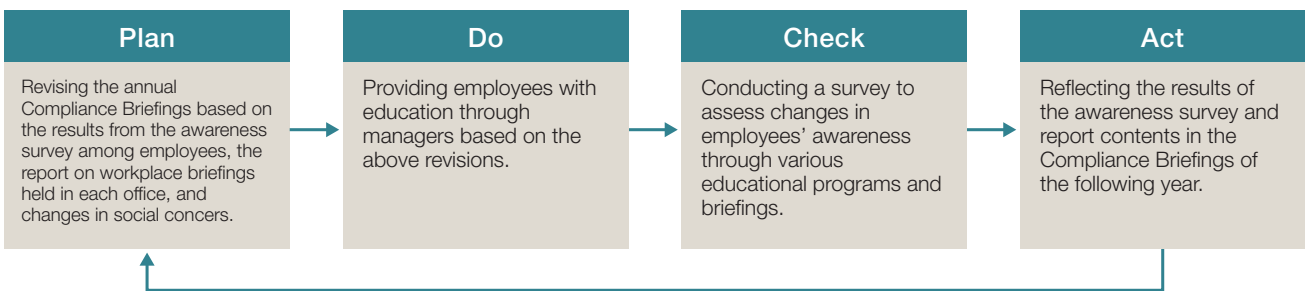


## 2.2 Compliance and Risk Management

### 2.2.1 Basic Approach

The Fujifilm Group defines “compliance” as “not only to pursue the law but to behave correctly within the framework of common sense and ethics”. Moreover, we think the compliance and the risk are two sides of the coin, as the lack of compliance awareness among employees would lead to grow the possible corporate risk. For this reason, the following four steps have been implemented in the PDCA (plan-do-check-act) cycle in the drive to increase awareness of compliance.

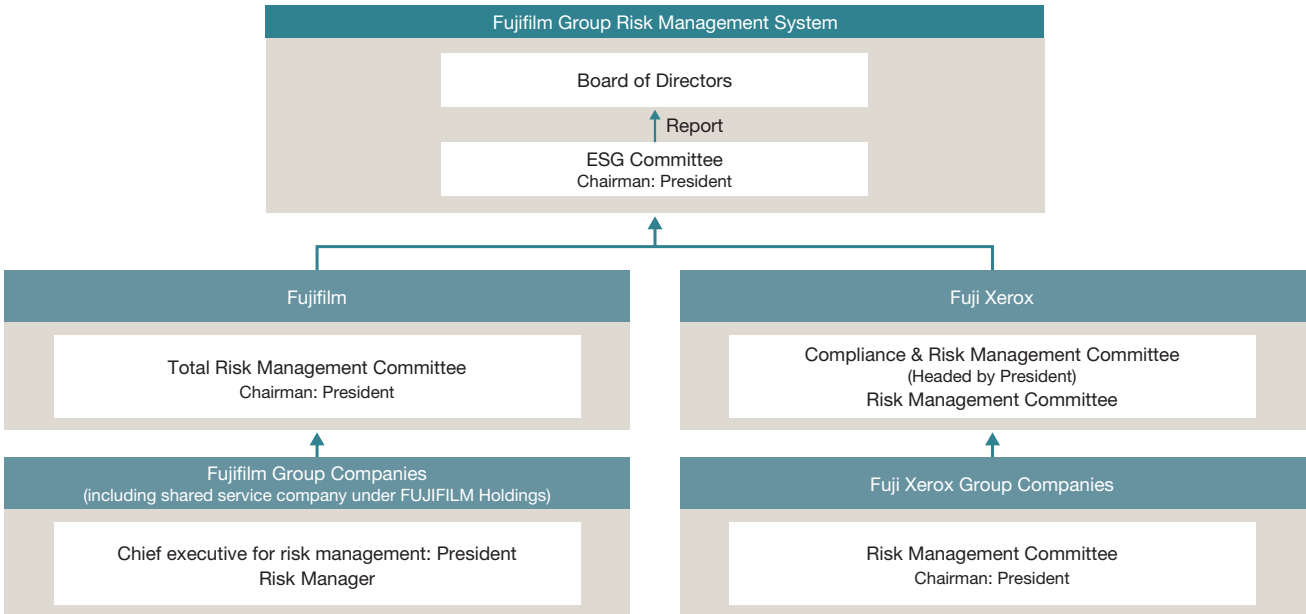


### 2.2.2 History of the Measures Implemented for Compliance and Risk Management

1995-2005	<p><b>Establishment and reinforcement of foundation at each company</b></p> <ul style="list-style-type: none"> <li>• Formulation of a Code of Conduct for employees</li> <li>• Establishment of responsible organization (committee)</li> <li>• Opening of a helpline and whistle-blowing office</li> <li>• Start raising employees’ Awareness, education, and monitoring through awareness surveys and briefings sessions</li> </ul>
2006-2008	<p><b>Establishment and reinforcement of foundation for the entire Fujifilm Group</b></p> <ul style="list-style-type: none"> <li>• Establishment of Fujifilm Holdings CSR Committee</li> <li>• Revision of Group’s Corporate Philosophy and Charter for Corporate Behavior , and formulation of Vision and code of Conduct and raising awareness</li> <li>• Expansion of initiative to Group companies outside of Japan</li> </ul>
2009-2013	<p><b>Addressing new priority issues</b></p> <ul style="list-style-type: none"> <li>• Introduction of anti-corruption regulations</li> <li>• Review of Group-wide risk issues related to natural disasters, such as large earthquake or possible eruption of Mt. Fuji</li> <li>• Establishment of a system to ensure no relations with anti-social forces</li> <li>• Introduction of information security regulations and guidelines etc.</li> </ul>
2014-2016	<p><b>Further activity promotion toward Sustainable Value Plan 2016 targets</b></p> <ul style="list-style-type: none"> <li>• Review and clarification of major risks for the Fujifilm Group</li> <li>• Strengthening measures to raise awareness on existing rules and regulations etc.</li> </ul>
2017-2019	<p><b>Strengthening Corporate Governance as the Fujifilm Group</b></p> <ul style="list-style-type: none"> <li>• Compliance education for all Employees and distribution of CEO message concerning the inappropriate accounting issue</li> <li>• Establishment of whistle-blowing system to report directly to Fujifilm Holdings</li> <li>• Revision of the Charter for Corporate Behavior and the Code of Conduct</li> <li>• Establishment of Fujifilm Holdings ESG Committee reorganized from CSR committee</li> </ul>

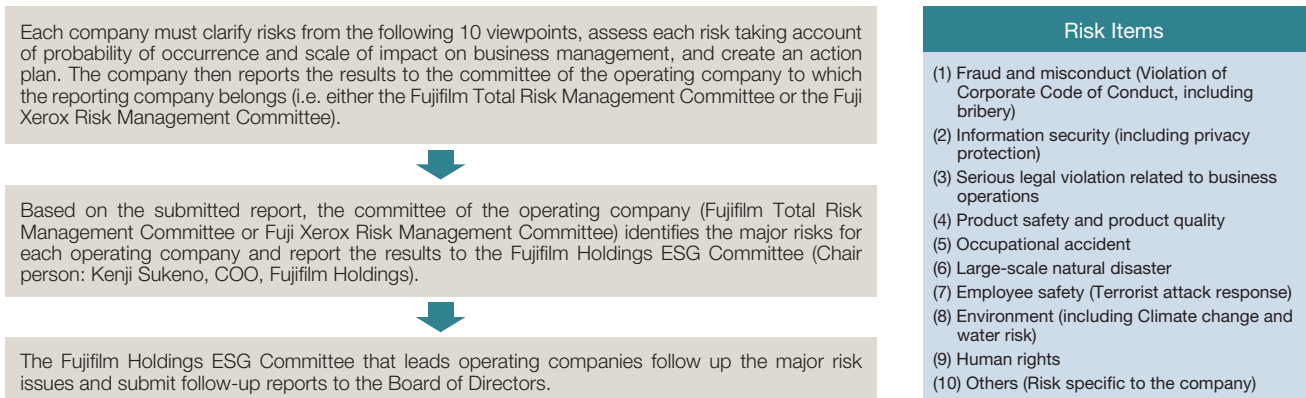
### 2.2.3 Compliance and Risk Management Promotion Structure

#### Fujifilm Group Risk and Compliance Management System

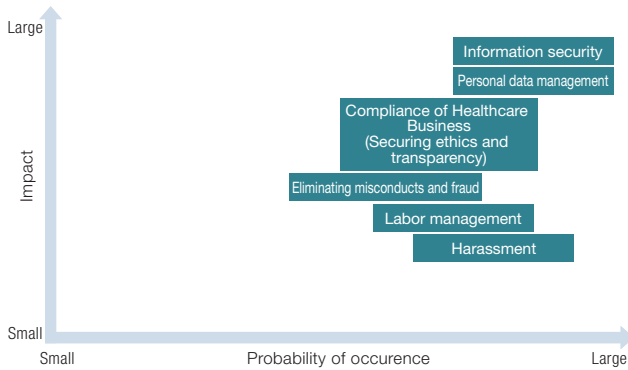


Following the inappropriate accounting experienced by Fuji Xerox overseas subsidiaries in FY2017, we also revised our risk management in terms of the control structure and operation in order to thoroughly implement measures for crisis control and recurrence prevention. We also strengthened our risk minimization activities for normal circumstances. The Fujifilm Group annually reviews risks identified by companies across the world under Fujifilm Holdings and creates action plans to control these risks following established procedures. In the event of an incident, each operating company controls the risk following the predetermined procedure. If the case is serious, the company reports it to the Secretariat of the Fujifilm Holdings ESG Committee in order to supervise risk management across the entire Group and ensure its effectiveness.

#### Risk Extraction and Process for Establishing Action Plan



FY2019 Priority Risk Map for the Fujifilm Group



Risk item	Reason for selection	Countermeasures
Information security	In response to the expansion of ICT in products, services and manufacturing, the effective range of information security is expanding. Therefore, a review of conventional countermeasures is necessary.	<ul style="list-style-type: none"> <li>• Improvements to internal rules and risk management systems</li> <li>• Comprehensive implementation of a range of compliance, information security and risk training programs</li> </ul>
Personal data management	In the face of the growing reinforcement of local regulations in each country, the effects of violations and information leaks are growing. Therefore, more comprehensive management is necessary.	
Compliance of Healthcare Business (Securing ethics and transparency)	In the Healthcare Business, ethical conduct and transparency are requested by the regulation authorities in each country. We recognize this is one of our priority issues.	
Eliminating misconducts and fraud	Incidents are declining; however, more comprehensive management and education are necessary overseas.	
Labor management	In line with the Work Style Reform Law that was enacted in April 2019, we manage working hours to suitable lengths to prevent long working hours.	
Harassment	With society's increasing interest in harassment issues, harassing behavior must be prevented.	

### 2.2.4 Outline of the Activities

In response to the inappropriate accounting experienced by Fuji Xerox overseas subsidiaries found in FY2017, we reviewed our corporate governance across the entire group. We also conducted a compliance education program concerning the incident to disseminate the open, fair, and clear corporate culture that we set as the foundation of Fujifilm Group conduct. This program aimed to ensure that we could listen to all stakeholders, exchange opinions in both directions, and adhere to the rules in a fair and just manner, and that we all take responsibility for the decisions and actions that we make and thereby maintaining business transparency with utter honesty.

We have revised the Charter for Corporate Behavior and the Code of Conduct in April 2019 to reflect the changes in social trends and in our approach to corporate social responsibility. These texts have been translated into 24 languages and distributed to different countries to enable our employees across the world to clearly understand the Charter and Code. We also provide all Group employees—both inside and outside—Japan with an e-learning program since May to cultivate their understanding of these important documents.

In FY2018, we did not experience any critical compliance issues that we needed to make public.

Fujifilm Group Charter for Corporate Behavior and the code of conduct

URL: [https://www.fujifilmholdings.com/en/about/philosophy/pack/pdf/02\\_FF\\_CoC\\_2019\\_English.pdf](https://www.fujifilmholdings.com/en/about/philosophy/pack/pdf/02_FF_CoC_2019_English.pdf)

## 2.2.5 Compliance Education

### Contents of Compliance Education

Intended audience	Details	Participants (FY2018 results, Unit: person)								
		Fujifilm Group			Fuji Xerox Group			Fujifilm Holdings Total		
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
All employees (Executive officers, managers of divisions, general employees)	Overall compliance	-	12,660	12,660	-	-	0	-	12,660	12,660
	Compliance declaration for code of conduct	-	-	0	24,273	21,654	45,927	24,273	21,654	45,927
	Information security, e-learning	21,934	-	21,934	26,412	-	26,412	48,346	-	48,346
New employees (New executive officers, new managerial personnel, new general employees)	Overall compliance and risk management	473	-	473	752	-	752	1,225	-	1,225
Group companies (domestic priority companies) Employees (Executive officers, general employees (including contract/temporary employees))	Harassment prevention	3,780	-	3,780	-	-	0	3,780	-	3,780
Risk managers	General risk management	-	84	84	-	-	0	-	84	84
	Enhancement for harassment cases	67	-	67	-	-	0	67	-	67
Sales companies (Presidents and managerial personnel)	Training of compliance case study	-	-	0	-	62	62	-	62	62
<b>Total</b>		<b>26,254</b>	<b>12,744</b>	<b>38,998</b>	<b>51,437</b>	<b>21,716</b>	<b>73,153</b>	<b>77,691</b>	<b>34,460</b>	<b>112,151</b>

## 2.2.6 Compliance Awareness Survey

### Conducting a follow-up survey to the FY2017 Compliance Awareness Survey

We conducted a Compliance Awareness Survey of all our Group employees (93,000 employees across 320 organizations) in December 2017. In September 2018, we undertook a follow-up survey targeting the organizations where a large number of respondents answered that they know about a compliance violation (27,000 employees across 23 organizations) to identify the concrete facts in these cases. As a result, actual compliance violations identified were as low as 4% of reported case and there were no serious problems that could affect our business. The concrete issues we discovered in the survey were further investigated within each organization to prevent any recurrence.

### Conducting Harassment Awareness Survey in “critical” workplaces in the Fujifilm Group

The Harassment Awareness Survey undertaken in December 2016 of all Fujifilm Group employees in Japan (21,000 employees in 36 companies) found out that seven companies had higher percentages of employees answering that they had experienced harassment than the Group mean figure. We conducted the same awareness survey in June 2018 on those seven companies and two additional companies that newly joined the Group. The additional survey identified an improvement in only one company but the remaining eight companies were still below the mean figure. Since September 2018, we have been providing a harassment prevention program and workplace discussions in each company to prevent any further cases of harassment.