

## 2.1 Corporate Governance

### 2.1.1 Basic Approach

The Fujifilm Group aims to contribute to the sustainable growth of society while improving its corporate value through sincere and fair business activities. As the foundation to achieve this, we regard corporate governance as a primary issue in our business management. We also position the Board of Directors as the organization that determines basic Group management policies and strategies and other important matters relating to business execution, as well as supervising the implementation of business affairs.

This idea is clarified in the Corporate Governance Guidelines, which are approved by the Board of Directors.

**Corporate Governance Guidelines**

[URL: https://www.fujifilmholdings.com/en/about/governance/pdf/ff\\_governance\\_guideline\\_en.pdf](https://www.fujifilmholdings.com/en/about/governance/pdf/ff_governance_guideline_en.pdf)

**Report on Corporate Governance (Tokyo Stock Exchange)**

[URL: https://www.fujifilmholdings.com/ja/about/governance/pdf/ff\\_ab\\_2018\\_001.pdf](https://www.fujifilmholdings.com/ja/about/governance/pdf/ff_ab_2018_001.pdf) (in Japanese only)

**Basic approach to the internal control system and its outline**

[URL: https://www.fujifilmholdings.com/en/about/governance/internal\\_control/index.html](https://www.fujifilmholdings.com/en/about/governance/internal_control/index.html)

**Articles of Incorporation**

[URL: https://www.fujifilmholdings.com/ja/investors/pdf/other/ff\\_irnews\\_20150626\\_001j.pdf](https://www.fujifilmholdings.com/ja/investors/pdf/other/ff_irnews_20150626_001j.pdf) (in Japanese only)

**Fujifilm Tax Policy**

[URL: https://www.fujifilmholdings.com/en/sustainability/steps/governance/index.html](https://www.fujifilmholdings.com/en/sustainability/steps/governance/index.html)

**Yuka Shoken Houkokusho (Securities report)**

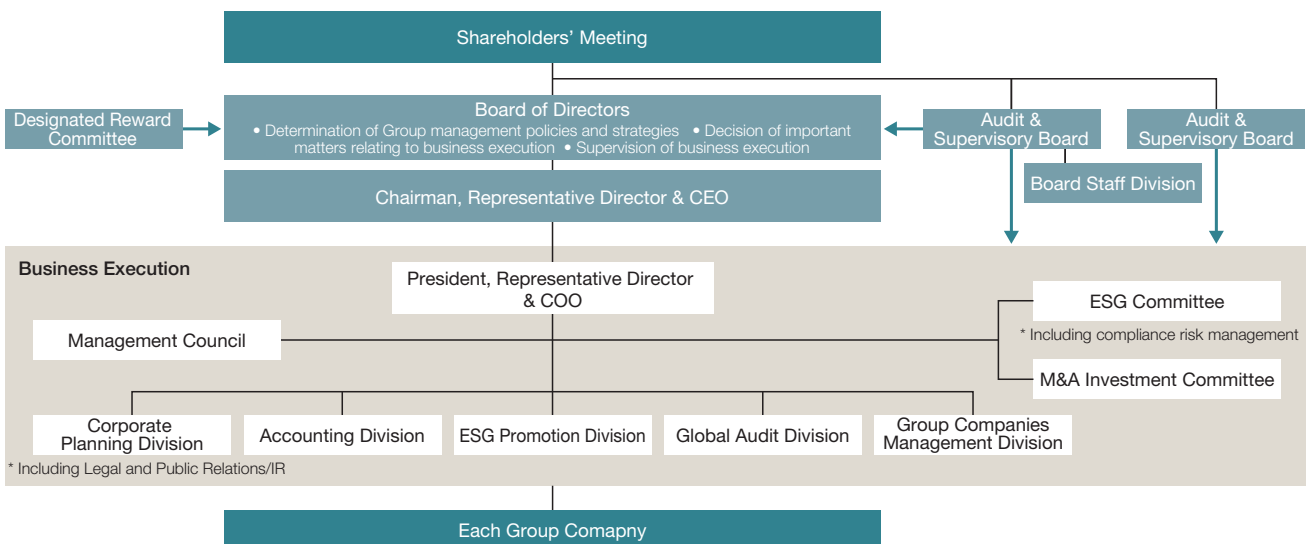
[URL: https://www.fujifilmholdings.com/ja/investors/pdf/securitiesreports/ff\\_sr\\_2018q4\\_allj.pdf](https://www.fujifilmholdings.com/ja/investors/pdf/securitiesreports/ff_sr_2018q4_allj.pdf) (English available in Sept.)

**Integrated Report 2018**

[URL: https://www.fujifilmholdings.com/en/investors/ir\\_library/integrated\\_reports/index.html](https://www.fujifilmholdings.com/en/investors/ir_library/integrated_reports/index.html)

### 2.1.2 Corporate Governance and Governing Structure

**Corporate Governance and Governing Structure**



### Auditing Structure

FUJIFILM Holdings has adopted the system of appointing an Audit & Supervisory Board, which consists of four members, including two outside auditors (50% of the entire auditors) as of the end of June 2019. The current outside auditors are both qualified accountants and possess a wide range of experience and knowledge through their practice in other corporations, in addition to their accounting expertise. Each auditor attends the Board of Directors and the full-time auditors always attend the management meeting and exchange opinions with COO regularly to maintain the transparency of the entire management.

Our Global Audit Division comprises 55 members (as of the end of June 1, 2019) to support internal auditing and evaluate the internal control in our global operations with speed and transparency.

### 2.1.3 Independence of Outside Directors

There are 11 directors as of the end of June 2019, four of which are independent outside directors (36% of the board). Outside Directors observe the Board of Directors' decision making and its processes objectively to judge and discuss their rationality from a perspective of increasing corporate value considering the benefit of stakeholders including minority shareholders. They are playing role of contribution to ensure validity and appropriateness of Board decision making.

Outside directors and outside Audit & Supervisory Board members of FUJIFILM Holdings Corporation are deemed to be independent when none of the following conditions apply:

Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members

URL: <https://www.fujifilmholdings.com/en/about/governance/officers/index.html>

### 2.1.4 Diversity among Directors

Directors candidates are selected giving overall consideration including diversity of the Board of Directors to their personality and acumen, wealth of professional experience, international business experience, depth of insight into the Group's business and management environment, ability to analyze and judge matters objectively and such.

Outside Director candidates are selected giving overall consideration to their having sufficient acumen and wealth of professional experience for supervising management from an independent perspective, high level of expertise in fields such as corporate management, finance and accounting, and law, knowledge and experience regarding the Company's fields of business, and such.

To diversify the Board of Directors, we appointed our first female outside director in June 2018. In selecting director candidates, we make comprehensive consideration covering the extent of the individual's work experience, international business career, insight into business environment surrounding the Fujifilm Group businesses, objective analytic skills, and sense of judgment.

### 2.1.5 Effectiveness of Directors

#### Attendance Status for the Board and Audit Committee Meeting (between April 1, 2018 and March 31, 2019)

Outside directors and auditors are indicated with \*. The chair person is indicated with ◎

	Name	Board meeting (No. held: 10)	Auditing committee meeting (No. held: 12)
Directors	Shigetaka Komori	◎ (Attendance rate: 10/10, 100%)	—
Directors	Kenji Sukeno	○ (Attendance rate: 10/10, 100%)	—
Directors	Kouichi Tamai	○ (Attendance rate: 10/10, 100%)	—
Directors	Junji Okada	○ (Attendance rate: 7/7, 100%)	—
Directors	Takashi Iwasaki	○ (Attendance rate: 7/7, 100%)	—
Directors	Teiichi Goto	○ (Attendance rate: 7/7, 100%)	—
Directors*	Tatsuo Kawada	○ (Attendance rate: 8/10, 80%)	—
Directors*	Makoto Kaiami	○ (Attendance rate: 10/10, 100%)	—
Directors*	Kunitaro Kitamura	○ (Attendance rate: 9/10, 90%)	—
Directors*	Makiko Eda	○ (Attendance rate: 7/7, 100%)	—
Auditors	Kazuya Mishima	○ (Attendance rate: 10/10, 100%)	◎ (Attendance rate: 12/12, 100%)
Auditors	Naohiko Sugita	○ (Attendance rate: 7/7, 100%)	○ (Attendance rate: 9/9, 100%)
Auditors*	Hisayoshi Kobayakawa	○ (Attendance rate: 10/10, 100%)	○ (Attendance rate: 12/12, 100%)
Auditors*	Shiro Uchida	○ (Attendance rate: 8/10, 80%)	○ (Attendance rate: 9/12, 75%)

\* The attendance rate is since the appointment.

\* Director's duty period: One year

\* Auditor duty period: Maximum four years

\* Kazuya Mishima started a chair of auditing committee meeting on 28 June, 2019.

## 2.1.6 Assessment Results of Directors' Effectiveness

We sought the opinions of directors and auditors concerning the effectiveness of the 2018 Board of Directors through a questionnaire and individual interviews, and assessed the results.

### 1. Overview of questionnaire and interviews

Scope of assessment:	Thirteen Board of Directors held from January to December 2018
Assessors:	All directors and auditors (total 14 individuals)
Assessment method:	Self-assessment through questionnaire and interview
Survey period:	January to March 2019
Survey contents and method:	After the questionnaire asked about the board member configuration, improvement of deliberation quality, deliberation environment, and monitoring by the Board, the respondents completed their answers in free format replies, Individual interview conducted based on the questionnaire results.

### 2. Results of analysis and assessment

Analysis and assessment results of the above survey concerning effectiveness of the Board of Directors in Fujifilm Holdings are as follows.

- By appointing one more outside director added diversity in terms of knowledge and experience to the Board of Directors. The Board of Directors maintains its appropriate size, conducts efficient discussions, and appropriately fulfills its duties and responsibilities in monitoring important business operations.
- The outside directors fully contribute to maintaining the effectiveness of the Board of Directors.
- The company holds preliminary explanation sessions for the outside directors concerning meeting agendas and business details. These sessions effectively function to provide outside directors with company information and contribute to improvement of deliberation quality in the board meetings. The future prospects for the Board of Directors is to further deepen the business understanding by the outside directors and gain even greater contributions from them concerning HR and IT strategies, as well as environmental efforts, which are critical to nurture the sustainable development of the Fujifilm Group.

### 3. Efforts for effectiveness improvement

Based on the above assessment results, we will conduct an additional session to explain our efforts concerning HR, IT, and the environment, targeting all board members, in addition to business explanations for the outside directors. We aim to promote the better understanding of the outside directors on our business management strategies and obstacles to achieve sustainable development of the Group through this extra session, and thereby improve the deliberation quality and effectiveness of the Board of Directors.

## 2.1.7 Executive Compensation

### 1. Executive compensation

- The total (upper limit) of the compensation for either a director or an auditor is determined at the shareholders' meeting.
- The compensation of each director (including performance-based compensation) is determined by the resolution in the board meeting after deliberations of the Nomination and Compensation Committee.
- The compensation of each auditor is determined through discussions by the auditors.
- Compensation of the directors comprises fixed compensation and performance-based compensation: the latter varies depending on business performance.

Performance-based compensation comprises a short-term performance-based compensation that is associated with a single business year performance and a goal achievement level, and stock option that is a middle- to long-term performance-based compensation. The percentage of the fixed compensation and the performance-based compensation, and the actual figure of the compensation are determined depending on the director's position and scope of responsibility. The compensation of an outside director is always fixed, due to the nature of their role and to maintain their independency.

We set the consolidated sales and consolidated operating profit, which are our short-term numerical goals in management control, as the performance-based index of a single fiscal year. Then we determine the figure for the short-term performance-based compensation by assessing the goal achievement level for these indices and comparing the business results of the most recent fiscal year and the previous year.

We also grant stock options to directors (excluding outside directors) as the middle- to long-term performance-based compensation. This aims to improve morale among the inside directors and motivate them to contribute to improving corporate value by sharing in the common interest with shareholders concerning stock prices. The stock option plan is an incentive for management to improve the corporate value, and the amount of stock allocated to each director is determined by the Board of Directors according to their respective position and scope of responsibility and authority within the framework of predetermined corporate rules.

## 2. Nomination and Compensation Committee

The Nomination and Compensation Committee was established in June 2019 as a voluntary advisory organization to the Board of Directors. The committee creates the CEO succession plan and discusses the basic policy and the procedure for the director compensation system. This membership structure reinforces the transparency of discussion details and further ensures sound corporate governance. As of June 2019, the committee comprises two outside directors (including the chair person) and an inside director who were assigned by the resolution of the Board of Directors meeting. This membership structure reinforces the transparency of discussion details and further ensures sound corporate governance.

### Compensation for Each Director (FY2018)

Name	Category	Company	Basic compensation (million yen)	Short-term based compensation (Bonus) (million yen)	Stock option (million yen)	Total (million yen)
Shigetaka Komori	Directors	FUJIFILM Holdings Corporation	103	43	166	313
	Directors	FUJIFILM Corporation	25	10	33	70
	Directors	Fuji Xerox Co., Ltd.	52	16	—	69
	<b>Total</b>					<b>453</b>
Kenji Sukeno	Directors	FUJIFILM Holdings Corporation	88	30	83	202
	Directors	FUJIFILM Corporation	20	7	16	45
	Directors	Fuji Xerox Co., Ltd.	9	2	—	11
	Directors	FUJIFILM Toyama Chemical Co., Ltd.	7	1	—	8
<b>Total</b>					<b>266</b>	
Kouichi Tamai	Directors	FUJIFILM Holdings Corporation	28	3	11	43
	Directors	FUJIFILM Corporation	12	1	28	41
	Directors	Fuji Xerox Co., Ltd.	74	22	—	97
	<b>Total</b>					<b>183</b>
Junji Okada	Directors	FUJIFILM Holdings Corporation	12	4	8	25
	Directors	FUJIFILM Corporation	10	3	2	15
	Directors	Fuji Xerox Co., Ltd.	11	7	—	18
	<b>Total</b>					<b>59</b>
Takashi Iwasaki	Directors	FUJIFILM Holdings Corporation	8	4	—	13
	Directors	FUJIFILM Corporation	13	7	8	29
	Directors	FUJIFILM Electronic Materials Co., Ltd.	18	—	—	18
	<b>Total</b>					<b>61</b>
Teiichi Goto	Directors	FUJIFILM Holdings Corporation	6	1	—	8
	Directors	FUJIFILM Corporation	33	10	8	52
	<b>Total</b>					<b>61</b>

Note: For further details, please refer to the *Security Report 2018*.

[URL: https://www.fujifilmholdings.com/ja/investors/pdf/securitiesreports/ff\\_sr\\_2018q4\\_allj.pdf](https://www.fujifilmholdings.com/ja/investors/pdf/securitiesreports/ff_sr_2018q4_allj.pdf) (In Japanese Only)

### The Number and Amount of Compensation Paid to Executive Officers (FY2018)

Category	Number	Basic compensation (million yen)	Short-term based compensation (Bonus) (million yen)	Stock option (million yen)	Total amount (million yen)
Directors (excluding outside directors)	9	250	82	297	630
Auditors (excluding outside auditors)	3	43	—	—	43
Outside Executive Officer	6	60	—	—	60
<b>Total</b>	<b>18</b>	<b>353</b>	<b>82</b>	<b>297</b>	<b>734</b>

Note: For further details, please refer to the *Security Report 2018*.

[URL: https://www.fujifilmholdings.com/ja/investors/pdf/securitiesreports/ff\\_sr\\_2018q4\\_allj.pdf](https://www.fujifilmholdings.com/ja/investors/pdf/securitiesreports/ff_sr_2018q4_allj.pdf) (In Japanese Only)

## 2.1.8 Owning Company Stocks by the Directors

We offer the inside directors stock options in order to enable inside directors to share mutual interests on the effect of stock price fluctuations with shareholders, aiming to increase morale and motivate them to further contribute to improving corporate value.

## 2.1.9 Tax Policy

### Fujifilm Group Tax Policy

1. In line with its Code of Conduct, which advocates an “Open, Fair and Clear” corporate culture, the Fujifilm Group shall comply with taxation laws of countries around the world, international taxation regulations and the spirit of such laws and regulations. The Group shall make payment of all required taxes by all specified dates in all countries in which it operates
2. The Fujifilm Group shall thoroughly examine the contents of all business transactions in advance from the perspective of tax, receive advice from competent tax advisors if and when required, and implement reporting and preliminary approval processes for important tax matters in accordance with internal regulations in order to maintain and improve governance on tax affairs
3. The Fujifilm Group shall maintain trusting relations with tax authorities, and give full consideration to, and if deemed necessary, shall proceed with its application for the Advance Pricing Agreement, so as to avert any lack of transparency in tax affairs
4. The Fujifilm Group shall actively utilize beneficial tax treatment in countries in which it operates while complying with their legislative intent in order to maximize consolidated cash flow. The Group shall not engage in tax planning or use tax havens for the sole purpose of obtaining tax benefits.

### Control of Tax Matters

The Fujifilm Group closely monitors our tax-related activities and management.

We do not recognize any serious issue concerning tax-related risks at this moment.

- The director responsible for managing the accounting departments takes responsibility for execution of tax processing and instructions, and the creation of financial statements. Note that the financial statements are audited by an independent audit corporation.
- With the recognition that each auditor is an independent authority to form an overall corporate governance system, the auditors closely examine the directors’ business fully adhering to the auditing standards specified by the Audit & Supervisory Board, as well as the company’s auditing policies and plans.

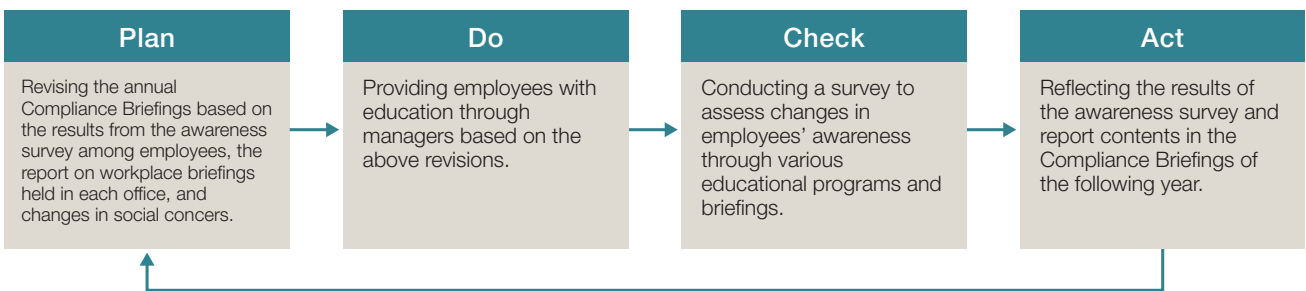
Yuka Shoken Houkokusho (Security Report)

 URL: [https://www.fujifilmholdings.com/ja/investors/pdf/securitiesreports/ff\\_sr\\_2018q4\\_allj.pdf](https://www.fujifilmholdings.com/ja/investors/pdf/securitiesreports/ff_sr_2018q4_allj.pdf) (English available in Sept.)

## 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.

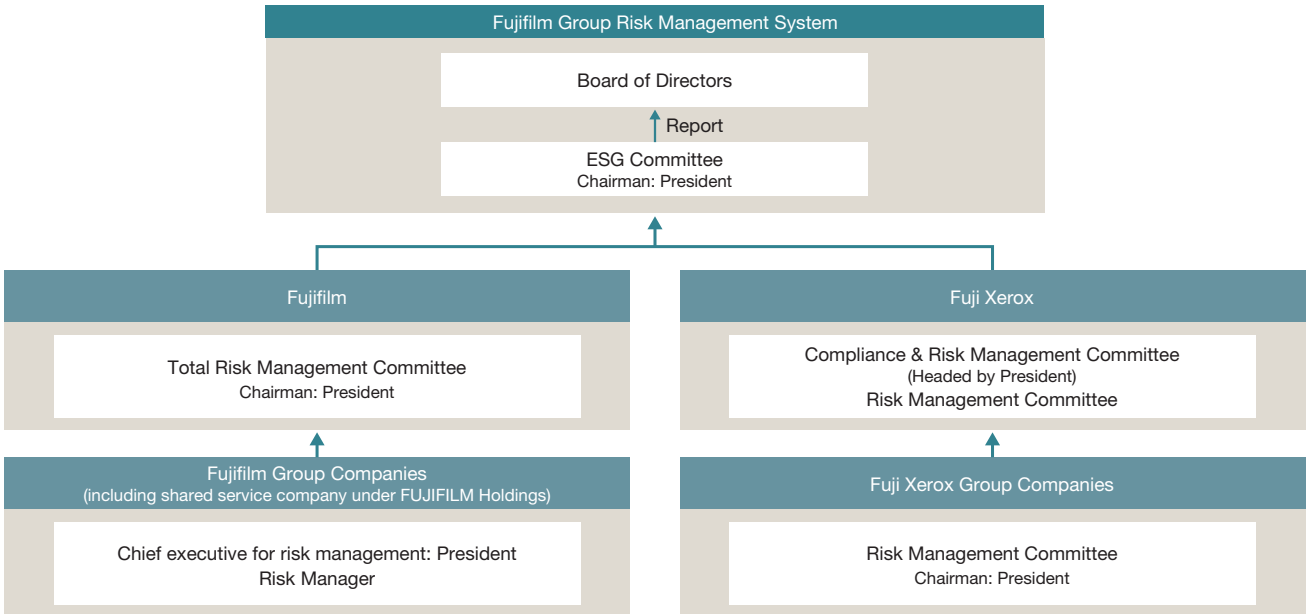


### 2.2.2 History of the Measures Implemented for Compliance and Risk Management

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>

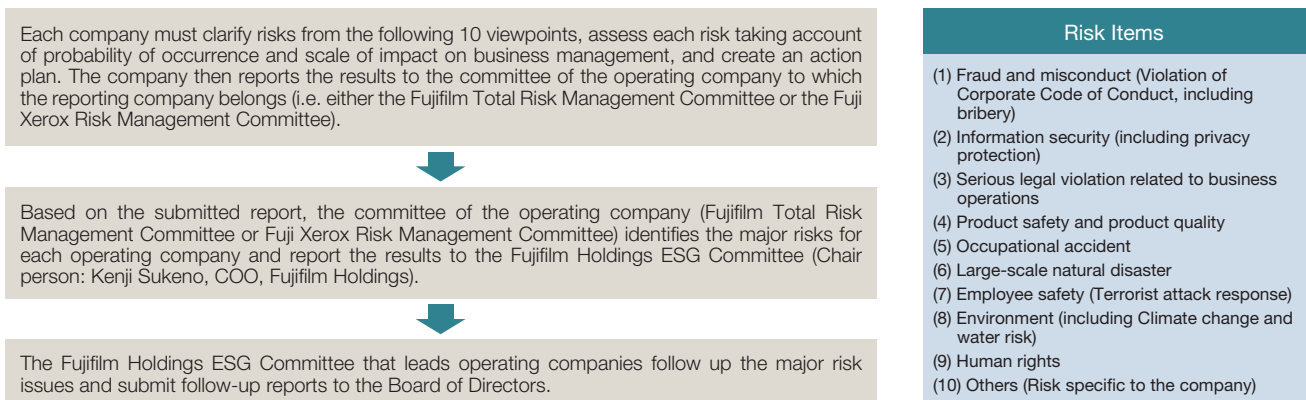
### 2.2.3 Compliance and Risk Management Promotion Structure

#### Fujifilm Group Risk and Compliance Management System

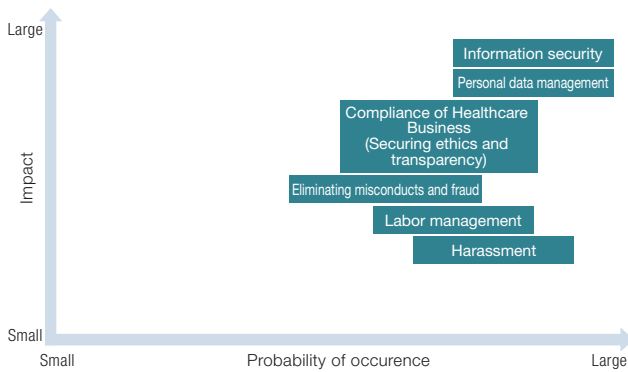


Following the inappropriate accounting experienced by Fuji Xerox overseas subsidiaries in FY2017, we also revised our risk management in terms of the control structure and operation in order to thoroughly implement measures for crisis control and recurrence prevention. We also strengthened our risk minimization 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.

### 2.2.7 Corruption (Bribery) Prevention Efforts

To nurture a corporate culture based on the open, fair, and clear spirit, as stated in the Group Vision, Chapter 2 (Fair Corporate Activities) of the Fujifilm Group Charter for Corporate Behavior and Code of Conduct clearly declares the requirement for Fair Sales Activities, Fair Procurement, Prevention of Corruption, and Prohibition of Bribery and restriction on gift-exchange and Entertainment. The chapter states that we must avoid any actions that could cause suspicion of a collusive relationship with a third party or could jeopardize the fair relationship with suppliers; we should avoid being involved in any corrupt activities; and we also should avoid any dubious action that could cause suspicion of fraud with retailers, business partners, public officials and government representatives. In response to the increasing reinforcement of corruption prevention laws across the world, each Group company implements anti-bribery rules. We also conduct regular onsite audits in areas where the risk is deemed to be high.

The Fujifilm Group never had a corruption or bribery, and we have never been investigated by administrative authorities concerning any anti-corruption matters.

Anti-corruption effort  URL: <https://www.fujifilm.co.jp/corporate/environment/compliance/anti-corruption/index.html>

### 2.2.8 Anti-competitive Practice Prevention Efforts

The Fujifilm Group is working hard to observe anti-trust laws, maintains a regular education system, and holds annual self audits. Since 2003, we have never been subject to a penalty concerning antitrust/anticompetitive practice nor are there any ongoing antitrust lawsuits.

### 2.2.9 Export and Import Control

The Fujifilm has created the Global Security Trade Control Policy, one of the basic policies commonly shared across the Fujifilm Group, and control our exports based on this policy. This is our means of preventing products and goods that could be converted into arms or be adapted for military use from being obtained by terrorists or nations that could threaten international security. We can therefore state that we contribute to maintaining international safety not only by observing the related laws.

The Fujifilm Group never had a case pointed out by administrative authorities concerning export and import control.

Global Security Trade Control Policy  URL: <https://www.fujifilmholdings.com/en/sustainability/vision/control.html>

### 2.2.10 Whistle-Blowing Office and Consultation Office

The Fujifilm Group has a separate whistle-blowing system. One is in Fujifilm Holdings that can be accessed directly by all Fujifilm Group employees across the world (consultation available in Japanese, English and other 23 languages), and the other enables employees to report to each regional headquarter. Both can be accessed anonymously, and protection of the whistle-blower is stipulated to protect them from detrimental treatment caused by reporting.

- Number of whistle blowing reports in the Fujifilm Group in FY2018: 298 (199 in Japan and 99 in overseas)

Seventy percent of the report contents were harassment, human relationship issues, and HR or labor matters; however, no serious issues were identified.

### 2.2.11 Information Security

The Fujifilm Group regards information security as one of the major risks and implements the following measures:

1. Continuous security reinforcement to address cyber security threats that have been increasing recently.
2. Establishment of the Global Security Regulations and provision of regular education programs as information leakage with an internal cause and external attacks must be addressed by common measures across the Group.
3. Establishment of an information security incident responses team in FUJIFILM and Fuji Xerox to minimize the damage from an information security incident, should one occur. Implementing simulation trainings for incidents (At least once a year).
4. Establishment of the Personal Information Protection Policy and the Personal Information Protection Regulations and conducting regular audits and employee training.
5. Providing vulnerability tests (once in six months) for the web servers that have possibilities of attacks from outside.

In fiscal 2018, there were no serious cases related to information security were pointed out by administrative authorities and assessed to require public disclosure.

\* Implementation of measures in collaboration with the Group's regional headquarters in Europe in advance of the introduction of the EU General Data Protection Regulations (GDPR) in May 2018.

### 2.2.12 Protection of Privacy

In the Fujifilm Group, the Code of Conduct that sets out how all Fujifilm employees are to conduct themselves, protection of privacy has been defined as an item affecting respect for human rights.

The policy is being applied to external suppliers as requests to suppliers and is being applied to all Fujifilm Group operations.

The importance of privacy protection growing every year, and we recognize the issue in the course of risk identification and action planning for the entire Group each year, to assure the effectiveness of Group risk management.

In fiscal 2018, there were no serious cases related to customer privacy were pointed out by any third parties or administrative authorities and assessed to require public disclosure.

Code of Conduct: Respect for Human Rights Protection of Privacy [URL:https://www.fujifilmholdings.com/en/about/philosophy/law/humanrights.html](https://www.fujifilmholdings.com/en/about/philosophy/law/humanrights.html)  
 Fujifilm Group Procurement Policy: Request to Suppliers [URL: https://www.fujifilmholdings.com/en/sustainability/vision/procure.html](https://www.fujifilmholdings.com/en/sustainability/vision/procure.html)

#### Acquisition of P-Mark and ISMS

As of July, 2018

Certification	Certified affiliates		
P-Mark*1	FUJIFILM Medical Co., Ltd. FUJIFILM Imaging Systems Co., Ltd.	FUJIFILM Techno Service Co., Ltd. Fuji Xerox System Service Co., Ltd.	FUJIFILM Imaging Protec Co., Ltd. FUJIFILM Media Crest Co., Ltd.
ISMS*2	FUJIFILM Global Graphic Systems Co., Ltd. FUJIFILM Software Co., Ltd. FUJIFILM Imaging Systems Co., Ltd. FUJIFILM Imaging Protec Co., Ltd. FUJIFILM Business Expert Corporation FUJIFILM Recording Media Products Division FUJIFILM Medical Co., Ltd.	Fuji Xerox Co., Ltd. Fuji Xerox domestic sales companies (37 companies) Fuji Xerox Information Systems Co., Ltd. Fuji Xerox System Service Co., Ltd. Fuji Xerox Learning Institute Inc. Fuji Xerox Printing Systems Co., Ltd. Fuji Xerox InterField Co., Ltd.	Fuji Xerox Advanced Technology Co., Ltd. Fuji Xerox Manufacturing Co., Ltd. Fuji Xerox Service Creative Co., Ltd. Fuji Xerox Service Link Co., Ltd. Fuji Xerox overseas manufacturing companies (4 companies) Fuji Xerox Asia Pacific Pte Ltd Fuji Xerox overseas sales companies (16 companies)

\*1 Privacy Mark (P-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).

\*3 For the certified companies of Fuji Xerox Group, please visit: <http://www.fujifilmholdings.com/en/sustainability/data/compliance/index.html>

### 2.2.13 Preparations for Large Scale Natural Disasters

As the global environment changes, such as rising sea level by climate change and abnormal weather occurrence, risks concerning natural disasters are increasing.

Based on the damage estimations, We are enhancing and reinforcing the anti-disaster measures as a part of the Business Continuity Plans (BCPs) to further improve the Group response to a wide-area natural disasters in Japan, including preparations for a Tokai-Tonankai-Nankai multiplate earthquake (Nankai megathrust earthquake), Tokyo Metropolitan earthquake, eruption of Mt. Fuji., torrential rain, river floods and rising sea level.

We also implement BCPs and reinforce employee safety measures for natural disasters specific to America, Europe, and Southeast Asia, such as earthquakes, tornados, and wildfires.

## 2.3 Innovation Management

Under the Group's corporate slogan, "Value from Innovation," aimed at being continuously innovating—creating new technologies, products and services that inspire and excite people everywhere, the Fujifilm Group will continue to create a wide range of products and businesses, supported by the diverse technologies we have accumulated in manufacturing photographic / motion picture film and other fields with the aim of resolving social issues in a broad range of areas.

In the drive to generate innovation, activities are underway to create innovative new products and services, as well as new businesses and new values, chiefly in our priority areas of healthcare and highly functional materials.

We believe in the fundamental importance of engaging in face-to-face communication with parties outside the company, in addition to building co-creation ties with equal relationship and sharing the same ambitions and goals with our partners, to achieve real innovation that will have a significant impact on society. For this purpose, we created an "Open Innovation Hub" in Japan in 2014 as a center for these activities. As of June 2019, 3 of these centers have been created in regions including the United States and Europe to accelerate collaborative efforts for open innovation. Moreover, in 2018 we set up a center specializing in the development of the next-generation AI technology named "Brains" to advance these co-creation activities.

## 2.4 Supply Chain Management

### 2.4.1 Basic Approach

The Fujifilm Group lists “Strengthen CSR foundations across the entire supply chain including factors of the environment, ethics, and human rights” as one of the priority issues of our CSR plan towards 2030, Sustainable Value Plan 2030 (SVP2030).

The majority of the suppliers of our production materials are Japan-based companies, with other from advanced and emerging countries. Regulations related to human rights, labor safety, and the environment vary in different countries; however, we declare that we will not be complicit in any infringement of the human rights of our suppliers’ workers or in environmental destruction through our production process.

### 2.4.2 Procurement Policy and Structure (Overview)

Fujifilm Group upholds the Fujifilm Group’s Procurement Policy as a group-wide policy. We believe it is important that the business partners and suppliers, especially production materials suppliers, understand the importance of CSR (environment, human rights, occupational health and safety, corporate ethics, etc.) and work together with us in resolving issues. Therefore, we revised the Policy in 2015 and 2019, and added the aspects of CSR for our supplier evaluation standard.

#### Fujifilm Group Procurement Policy

The Fujifilm Group will conduct its procurement based on Fujifilm “Open, Fair, Clear” policy and the basic concepts listed below. At the same time, we will build mutual trust and respect with suppliers.

1. The Fujifilm Group is committed to engage in procurement activities in compliance with laws, regulations and social norms, paying full considerations to perspectives including human rights, environment, occupational health and safety.
2. We will treat suppliers irrespective of nationalities with fairness and ensure that they are given equal business opportunities. We are also committed to consider procurement from new suppliers.
3. The Fujifilm Group procure from trustworthy suppliers selected through comprehensive criteria that includes quality, price, delivery time, technological capabilities, CSR activities and business continuity.

Note that ‘procurement’ under this policy covers not only the procurement of parts and materials for products, but also procurement such as indirect materials, facility and maintenance services.

Established in October 2009, Revised in April 2019

Each of the Fujifilm Group business companies requests their suppliers to implement the Fujifilm Holdings Environmental Policy and Procurement Policy in their CSR activities, including environment and labor.

#### ● Requests to suppliers on environment

Fujifilm Green Procurement Standards

[URL: https://www.fujifilm.co.jp/corporate/environment/pdf/greening/ff\\_greenbasic\\_ver3\\_2e.pdf](https://www.fujifilm.co.jp/corporate/environment/pdf/greening/ff_greenbasic_ver3_2e.pdf)

Fuji Xerox Green Procurement Standards

[URL: https://www.fujixerox.co.jp/company/eco/green/pdf/green\\_procurement\\_standards\\_ver60\\_english.pdf](https://www.fujixerox.co.jp/company/eco/green/pdf/green_procurement_standards_ver60_english.pdf)

#### ● Requests to suppliers on overall CSR such as labor, human rights

Fujifilm Group Request to Suppliers (on the same page of Fujifilm Group Procurement Policy)

[URL: https://www.fujifilmholdings.com/en/sustainability/vision/procure.html](https://www.fujifilmholdings.com/en/sustainability/vision/procure.html)

Fujifilm CSR Procurement Guideline for Suppliers

[URL: https://www.fujifilm.co.jp/corporate/environment/procurement/concept/pack/pdf/index\\_pdf\\_02\\_en.pdf](https://www.fujifilm.co.jp/corporate/environment/procurement/concept/pack/pdf/index_pdf_02_en.pdf)

Fuji Xerox CSR Management Guidelines

[URL: https://www.fujixerox.com/eng/company/csr/sr2018/suppliers/theme.html#anc01](https://www.fujixerox.com/eng/company/csr/sr2018/suppliers/theme.html#anc01)

### 2.4.3 Fujifilm Group Production and Procurement Characteristics

The Fujifilm Group stipulates the priority areas of its procurement strategy as follows: (1) Cost (price) improvement; (2) Constant realization of stable procurement and supply (quality and delivery); and (3) Business Continuity Plan (BCP) for procurement. We set annual targets for these areas for continuous improvement. As a part of this procurement strategy, we request ethical procurement to suppliers as specified in a mandatory measure, “Minimizing CSR risks (environment, human right & labor management, corporate ethics) in suppliers.”

Our business companies, FUJIFILM and Fuji Xerox, manufacture significantly different products. Therefore, CSR risks in their respective suppliers, production, and procurement conditions are diverse. The Fujifilm Group is reinforcing ethical procurement across the group taking into account such diverse characteristics and risks.

#### Characteristics of FUJIFILM Manufacturing

As well as medical, high precision, and optical devices, FUJIFILM manufactures a wide range of products, such as chemical products and highly functional materials. The percentage of chemical products and highly functional materials among our entire product range is around 80%, with medical, high precision, and optical devices accounting for around 20%.

##### (1) Chemical products and highly functional materials

Almost all of these products are manufactured in Japan, as well as in the US and Europe. One characteristic of manufacturing such products is that many of the procured items for these products are chemical substances. One of the major risks concerning chemical substances is that lack of appropriate management could cause adverse effects on human beings and the environment (pollution, explosion, or other accidents), and contamination of products by hazardous substances. It is also essential to adhere to the legal requirements of permitted chemical substances in products, such as the RoHS directive and the REACH regulations in Europe. This is why we request our suppliers to follow the FUJIFILM Green Procurement Standards in the two aspects of “management of the handling of chemical substances” and “management of information on chemical substances in our products,” in addition to implementing these standards in our own factories. Further, to ascertain the chemical substances used by our suppliers, since FY2010 we have been utilizing a system to gather, manage, and communicate information about the chemical substances contained in parts and members across the supply chain.

##### (2) Medical, high precision, and optical devices

We manufacture these products in Japan, the US, and Asia (mainly China). Many of the primary suppliers are Japanese corporations with others based overseas. It is generally said that suppliers in Asian countries face a higher risk of business stoppage due to labor disputes and tightening environmental regulations enforcement. Such suppliers face risks of delivery delays to our factories and insufficient quality due to problems in suppliers' factories. For this reason, we have been reinforcing ethical procurement in China since FY2018, in a similar manner taken in Fuji Xerox, as described below.

#### Characteristics of Fuji Xerox Manufacturing

Some 70% of Fuji Xerox's major products—multifunction devices and printers—are assembled in factories in China and Vietnam. Fuji Xerox introduced ethical procurement in 2007 to ensure stable production in Asia. Thanks to the company's continuous efforts to understand the risk of operational stoppages in suppliers' sites, and requests for improvement, delivery delays from suppliers due to their environmental or labor problems have been reduced.

## 2.4.4 Supplier Code of Conduct

As a code of conduct for suppliers, FUJIFILM provides the CSR Procurement Guidelines and Fuji Xerox provides their CSR Management Guidelines to suppliers. These guidelines cover items listed in the Fujifilm Group Code of Conduct that the Group companies request their suppliers to follow, as well as all the items covered in the Code of Conduct required by the US Responsible Business Alliance (RBA).

### Reference: Fuji Xerox CSR Management Guidelines Contents List

\* Fujifilm CSR Procurement Guidelines includes almost the same contents as below.

#### 1. Human Rights and Labor (Social)

Prevention of Forced and Child Labor; Prevention of Unfair Discrimination and Privacy Infringement; Prevention of Violence, Sexual Abuse, Sexual Harassment, and Excessive Punishment in Workplaces; Provision of Appropriate Wages and Proper Management of Working Hours and Mandatory Days Off; Guarantee of Right of the Directly Employed for Organization and Collective Bargaining; Prevention of Work-Related Accidents at Workplaces and on Duties; Establishment of Measures on Treatment of Illnesses and Injuries and Maintenance of Health; Sufficient Healthcare Facilities and Welfare Measures; Promotion of Human Resource Development (Capacity Building); Promotion of Third-Party Certification

#### 2. Environment

Prevention of Global Warming; Promotion of Resource Conservation in Products (Reduced Use of Natural Resources); Recycling and Proper Waste Disposal; Proper Management of Chemical Substances; Promotion of the Natural Environment Preservation (Biological Diversity and the Ecosystem); Adherence to Administrative Procedures; Promotion of Third-Party Certification of an Environmental Management System (EMS)

#### 3. Corporate Ethics (Governance)

Corporate Ethics and Compliance Management; Anti-Corruption; Protection of Intellectual Property; Guarantee of Fair Procurement Transaction; Establishment and Management of Raising Concerns and Whistleblowing; Establishment of Information Security System

#### 4. Extended application of the provisions by suppliers to their suppliers (secondary suppliers for Fuji Xerox)

Fuji Xerox requests its suppliers to promote of recommendation and application of each of the three aforementioned provisions to their suppliers.

### 2.4.5 Efforts for Improving Sustainability in the Supply Chain

The Fujifilm Group adopts ethical procurement promotion programs and implements the program policy (including the supplier code of conduct), assesses supplier risks, and requests improvement and provides support for suppliers that face CSR risks (environment, human rights, labor management, and corporate ethics), as shown in the following process.

**1. Notifying policies etc. to suppliers**

**Notifications at briefings to suppliers or by providing Code of Conduct documents.**

<b>Fujifilm Holds</b>	Supplier Briefing for Chemical Substance Management Education every six months. On this occasion, we stipulate our procurement policy and request their compliance.
<b>Fuji Xerox</b>	Submits supplier code of conduct (CSR Management Guidelines) to major suppliers every year, and requests their compliance.



**2. Risk assessment in suppliers**

Risks are assessed by CSR self-check results and QCD results in suppliers. (QCD: Quality, Cost, Delivery)

**Fujifilm**

- Request suppliers to undertake regular self-checks since FY2015. As a result, primary suppliers in Japan, Europe and the US have been assessed as low CSR risk.
- In FY2018, individual surveys at one assembly plant in China found four suppliers had CSR risks.

**Fuji Xerox**

- Requests annual CSR self-check to critical suppliers since FY2007. In FY2018, Chinese and Vietnamese factories have identified 42 suppliers with CSR risks.

\* The items of CSR self-check covers as follows:

**<Environment>** 1.Prevention of Global Warming; 2.Promotion of Resource Conservation in Products (Reduced Use of Natural Resources); 3.Recycling and Proper Waste Disposal; 4.Proper Management of Chemical Substances; 5.Promotion of the Natural Environment Preservation (Biological Diversity and the Ecosystem); 6.Adherence to Administrative Procedures; 7.Promotion of Third-Party Certification of an Environmental Management System (EMS); 8. Promotion of Recommendation and Application to Your Company's Suppliers.

**<Human Rights and Labor>** 1.Prevention of Forced and Child Labor; 2.Prevention of Unfair Discrimination and Privacy Infringement; 3.Prevention of Violence, Sexual Abuse, Sexual Harassment, and Excessive Punishment in Workplaces; 4.Provision of Appropriate Wages and Proper Management of Working Hours and Mandatory Days Off; 5.Guarantee of Right of the Directly Employed for Organization and Collective Bargaining; 6.Prevention of Work-Related Accidents at Workplaces and on Duties; 7.Establishment of Measures on Treatment of Illnesses and Injuries and Maintenance of Health; 8.Sufficient Healthcare Facilities and Welfare Measures; 9.Promotion of Human Resource Development; 10.Promotion of Third-Party Certification; 11.Promotion of Recommendation and Application to Your Company's Suppliers.

**<Corporate Ethics>** 1.Corporate Ethics and Compliance Management; 2.Anti-Corruption; 3.Protection of Intellectual Property; 4.Guarantee of Fair Procurement Transaction; 5.Establishment and Management of Raising Concerns and Whistleblowing; 6.Establishment of Information Security System; 7. Promotion of Recommendation and Application to Your Company's Suppliers.



**3. Instruction and improvement activities for suppliers with high CSR risks**

- Provides Onsite "Visit and Check" by expert team improvement. Monitors progress.
- Provides various seminars for suppliers.

**Fujifilm**

- Provided Onsite "Visit and Check" in the four suppliers of the company's Chinese manufacturing site as a trial and requested correction of risk factors. Progress will be inspected in FY2019.
- Provides semiannual educational sessions to suppliers for chemical products and highly functional materials, which account for about 80% of the company's products. Requests them to adhere to FUJIFILM Green Procurement Standards.
- In FY2018, provided usage training program for chemSHERPA system, which enables 322 suppliers to share information about chemical substances in their products. All suppliers have started using this system.

**Fuji Xerox**

- Expert teams from Fuji Xerox Shenzhen, Fuji Xerox Shanghai, and Fuji Xerox Hai Phong provided Onsite "Visit and Check" to 42 suppliers (factories) in China and Vietnam. Requested correction and now monitoring progress.
- Fuji Xerox production line down time (due to suppliers' CSR problems): Zero hours in Fuji Xerox Shenzhen and Fuji Xerox Hai Phong.
- Since 2014, Fuji Xerox Shenzhen has conducted seminars to suppliers in labor, safety, environment practical management. This is to provide information to suppliers on rapidly changing labor and environmental regulations. To date, 25 seminars have been held and 2,099 people from about 400 companies have attended.



CSR Self-Checks by Suppliers to Identify CSR Risks [Results for last three years and targets]

		FY2016	FY2017	FY2018	FY2019 Target
Request for self-check	Number of self-checks conducted in critical suppliers	Fujifilm 427 (Japan, China)	Fujifilm 262 (Japan, North America)	Fujifilm 66 (Japan, Europe)	Self-checks conducted by all critical suppliers in the high risk area: 100% (Both FUJIFILM & Fuji Xerox)
		Fuji Xerox 305 (Japan, China, Asia, others)	Fuji Xerox 296 (Japan, China, Asia, others)	Fuji Xerox284 (Japan, China, Asia, others)	
Results	Response rate or conformance rate (FUJIFILM)	92%	77%	53%	Response rate: 50% or more for FUJIFILM 90% or more for FX
	Most critical items and the percentage of suppliers whose conformance rate is 90% or higher	94.1% for most critical items 56.9% for critical items	95.6% for most critical items 68.2% for critical items	93.7% for most critical items 74.6% for critical items	

2.4.6 Response to Conflict Minerals

The Fujifilm Group is aware of conflict minerals\*1 issues, the mining of which causes human rights violations and disputes, and clearly declares that it will not be complicit, directly or indirectly, in supporting activities related to such disputes and human rights violations. The Fujifilm Group manages minerals by following the five steps of the Due Diligence Guidance specified by the Organisation for Economic Co-operation and Development (OECD) to identify actual and potential adverse effects from our business activities and prevent or alleviate such effects.

Fujifilm Group's stance toward the issue of responsible minerals procurement

URL: <https://www.fujifilmholdings.com/en/sustainability/vision/procure.html>

OECD 5 steps	Fujifilm Group efforts
(1) Establish strong company management systems	Procurement, sales, and HQ departments of Fuji Xerox that has strong requests from customers, have formed an intra-company structure to accurately track the origin of minerals by monitoring the relevant conditions. We are expanding this scheme throughout Group.
(2) Identify and assess risks in the supply chain	The Fujifilm Group is not subject to reporting obligations based on Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as the Group is not registered with the U.S. Securities and Exchange Commission (SEC). However, we have more than one SEC-registered client corporation in some of our businesses and these corporations have requested our cooperation. Thus, we track mineral origins through monitoring our supply chain, verifying results, and identifying the country of origin following the procedures specified by the Responsible Minerals Initiative (RMI)*2. Fuji Xerox reports the investigation results to OEM product clients. Both FUJIFILM and Fuji Xerox address issues for other clients individually.
(3) Design and implement a strategy to respond to identified risks	Although it was possible that minerals from conflict areas had been used, there was no proof that any terrorist group was involved. Because there are recognized humane mining companies and organizations in the area, we did not withdraw the mineral usage uniformly.
(4) Carry out independent third-party audit of smelter/refiner's due diligence practices	The Fujifilm Group participates in the Responsible Minerals Trade Working Group of JEITA*3 and discusses RMAP*4 jointly with other companies. We encourage suppliers to use conflict-free smelters that are verified by RMI after a third-party audit.
(5) Report annually on supply chain due diligence	The Fujifilm Group's conflict mineral policies, measures, and results are disclosed on the official website.

\*1 Minerals (tantalum, tungsten, tin, and gold) regarded to be problematic because profits may be used for inhumane purposes or its mining may infringe human rights.

\*2 RMI = Responsible Minerals Initiative

\*3 JEITA: Japan Electronics and Information Technology Industries Association.

\*4 RMAP: Responsible Minerals Assurance Process.

Results for Last Three Years and Target

	FY2016	FY2017	FY2018	FY2019 Target
Supplier response rate for conflict minerals survey (FX)	96.5%	100%	99.2%	95% or higher
Percentage of conflict-free smelters in conflict minerals survey (FX)	40.0%	46.2%	54.8%	Continuous improvement of conflict-free smelter percentage

### 2.4.7 Efforts in Paper Procurement

As Fuji Xerox sells paper for printers and copiers, the company declares that it procures pulp from forests that are managed with consideration for the environment and human rights, avoiding any involvement in forest destruction and human rights infringements.

To realize this, we established the Environmental, Health, and Safety Requirements regarding Paper Procurement. These rules specify paper quality standards for procurement, as well as selection criteria for material suppliers. Through these rules, we request material suppliers to pay attention to biodiversity and respect the rights of local residents in their business operations.

We also hold an annual meeting of the CSR Paper Procurement Committee, chaired by the director responsible for procurement, in order to confirm the compliance status of existing suppliers and to select new suppliers.

#### Paper Procurement Efforts KPI

	FY2016	FY2017	FY2018	FY2019 Target
Percentage of suppliers inside and outside Japan fulfilling our paper procurement requirements (Fuji Xerox)	100%	100%	100%	100%

### 2.4.8 Ethical Procurement Efforts in Logistics

The number of items delivered by courier services has significantly increased since 2017 due to continued popularization of internet commerce. This has caused social problems in logistic companies' employees, such as long working hours by courier drivers, death from overworking, and environmental and safety issues caused by poorly maintained vehicles.

Fujifilm Logistics Co., Ltd., which delivers Fujifilm Group products, has been requesting its logistics partners (primary suppliers) to cooperate in our ethical procurement for logistics since FY2009. Through such requests, logistics partners conduct CSR self-checks and if they identify that their conformance rate is less than 90%, Fujifilm Logistics visits the partner company to offer advice for correction.

#### Ethical Procurement Effort KPI in Domestic Logistics

	FY2016	FY2017	FY2018	FY2019 Target
Percentage of companies with 90% or more CSR self-check conformance rate (Fujifilm Logistics)	100%	97.4%	100%	100%

### 2.4.9 Collaboration with International Initiatives in the Supply Chain Area

The Fujifilm Group participates in international initiatives to meet the evolving global-level of production and procurement standards and deliver our products with confidence, valuing the importance of global CSR trends. Below are the initiatives in which we participate in the supply chain area.

- Joint Article Management Promotion-consortium (JAMP)**  
 JAMP aims to disseminate a system to manage chemical substance information and smoothly communicate such information across supply chains. FUJIFILM is a member of JAMP and our CSR-related director takes the role of the deputy chairman.
- United Nations Global Compact (UNGC), and its Action Platform on Decent Work in Global Supply Chains**  
 Fuji Xerox signed Global Compact. The company is the only Japanese corporate member of this action platform and our Corporate Vice President responsible for corporate wide procurement signed the commitments recommended by the platform.
- Responsible Minerals Trade Working Group of JEITA**  
 Both FUJIFILM and Fuji Xerox participate in the Responsible Minerals Trade Working Group led by the Japan Electronics and Information Technology Industries Association (JEITA), the industrial organization of the Japanese IT and electronics industry.

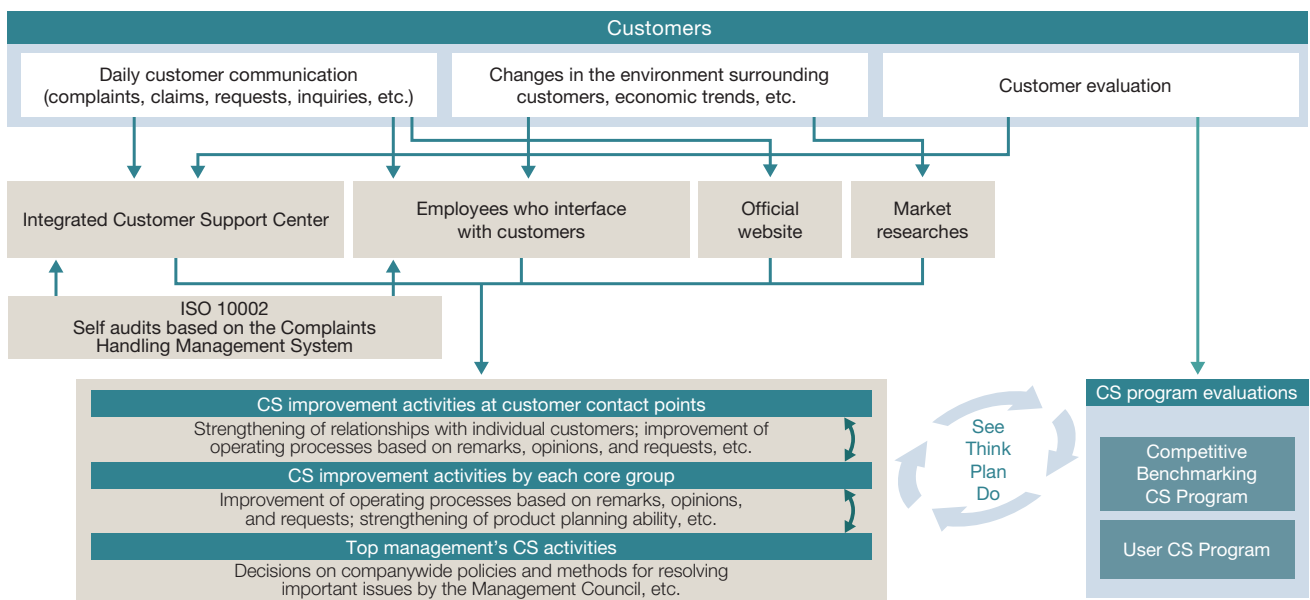
## 2.5 Customer Relationship Management

### 2.5.1 Basic Approach for Customer Relationship

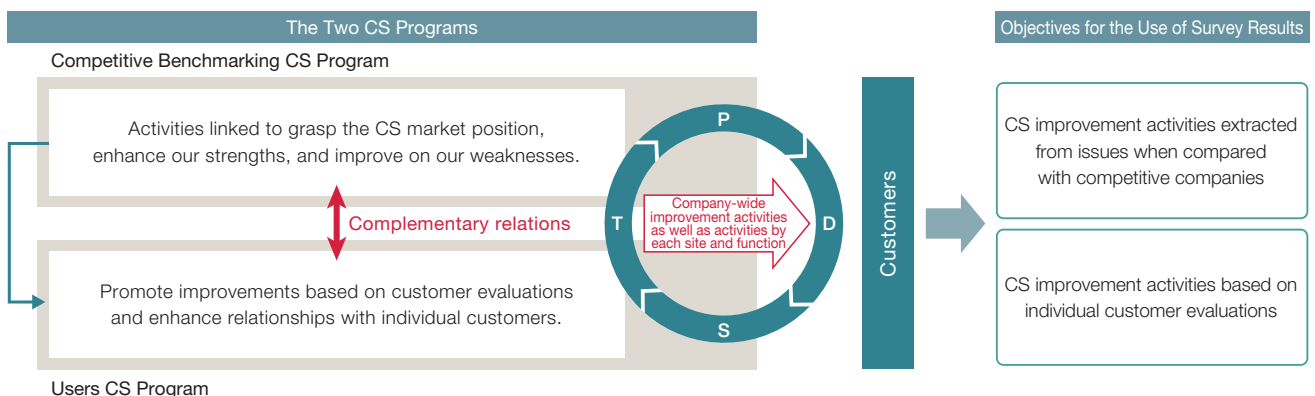
As we declare in our corporate philosophy, the Fujifilm Group aims to provide the best quality products and services which are safe, appealing to customers and provide them with peace of mind, by basing our management on Customer Satisfaction (CS).” In order to achieve customer satisfaction, it is important to obtain the views of a wide range of customers and to have a mechanism in place for effectively reflecting these in our products and services. For this purpose, we pay special attention to communicating with our customers at customer centers which are our point of contact with them. We aim to correctly grasp their views, as well as seek to respond in a speedy, kind, accurate and fair manner, and we are constructing a system to link these views to improvements in product development and our work processes.

### 2.5.2 Structure for Customer Relationship

#### Mechanisms for Communicating with Customers



#### CS Program (Improvement activities based on the CS surveys)



## 2.5.3 Efforts in Customer Relationship Management

### 1. Customer satisfaction survey results

#### (1) Customer satisfaction survey

Customer satisfaction percentage was calculated in the area of FUJIFILM Holdings to take track of customer satisfaction where after-sales services are critical, i.e., in photograph-related products, digital cameras, medical systems and the document business.

Until FY2016 the figure was limited to the document business. In FY2017, the areas of digital cameras and medical products were also added for better customer satisfaction coverage.

#### ① Change in Customer satisfaction survey

Unit: %

	FY2015	FY2016	FY2017	FY2018	Target in FY2018
Percentage of satisfied customers among all customers (%)	93.2	93.2	83.5	85.1	84
Data coverage (e.g. within sales, customers, etc.)	47	46	73	77	73

#### ② Customer satisfaction for business fields in the above data

Unit: %

	Business field	FY2017	FY2018
Fujifilm	Imaging (digital cameras and photograph-related products)	85.2	89
	Healthcare and Materials (medical systems)	80.0	78
Fuji Xerox	Document	93.2	91

#### (2) Customer satisfaction survey results (Fujifilm)

We conducted a survey on the following questions for customers registering with us after purchasing our products, as well as for those using the support desk for queries regarding various products.

Unit: %

	Assessment items	FY2017	FY2018
Evaluation of the company (products) including the quality of response from support centers, not only products and services	Willingness to recommend to friends and acquaintances	70	69
	Willingness to use Fujifilm products in the future	80	77
Evaluation of the quality of response from support centers	Ease in understanding the response	85	80
	Ease in hearing or reading	82	82
	Response speed	85	82

#### (3) Customer satisfaction survey results (Fuji Xerox)

Unit: %

	FY2017	FY2018
Customers willing to continue business with Fuji Xerox	95.7	94.9

#### Received awards for customer satisfaction survey in 2018

- J.D. Power 2018 Japan Color Copier Customer Satisfaction Study <Large/Mid-size Business>: Highest for nine years in a row.  
[Study based on a total of 6,868 companies with 30 and more employees. URL: <http://jdpower-japan.com> (in Japanese only)]
- J.D. Power 2010-2018 Technical Support Call Center Satisfaction Study: Highest in J.D. Power 2018 Technical Support Call Center Satisfaction Study <Copiers/Printers>.  
[Study based on a total of 5,109 companies with 5 and more employees. URL: <http://jdpower-japan.com> (in Japanese only)]
- Ranked top in the Consulting/Upstream Design Services Category of Nikkei Computer's Customer Satisfaction Survey, in the September 13, 2018 issue of Nikkei Computer.

## 2. Online service usage status

Unit: %

	FY2015	FY2016	FY2017	FY2018	Target in FY2018
Online customers* <sup>1</sup> (Percentage of customers who use online services or sales platforms among all customers)	93.2	93.2	83.5	85.1	84
Online sales* <sup>2</sup> (Percentage of online sales (direct sales and advertising))	47	46	73	77	73

\*1: Online customers refers to customers using Fuji Xerox's domestic multifunction machine online remote maintenance contract.

\*2: Online sales were calculated from the business fields of imaging, life science, and document solution, where online business has been reinforced.

## 3. Efforts in the Healthcare Field

The Fujifilm Group, which began as a manufacturer of photographic and motion picture film, now includes 15 different businesses. Among them, the healthcare field forms one of our major businesses. As it affects people's lives directly, we implement special efforts, as described below.

### ① Efforts to improve access to healthcare services

The Fujifilm Group appoints Health as one of our priority areas and pours a range of efforts into this area. Setting Improve Accessibility to Medical Services as the priority issue in the area, we are working to introduce a health check service within different regions, and are developing an early tuberculosis diagnosis system for use in developing countries.

 URL: <https://www.fujifilmholdings.com/ja/sustainability/svp2030/health/02.html>

### ② Efforts to ensure fairness and transparency in the healthcare business

Just as in our other business fields, the Fujifilm Group aims to improve the quality of life for people through our healthcare products, services, and technologies.

As the healthcare field is one of the most critical business that directly influences on people's life, we promote the following activities to ensure the transparency of our relationships with medical institutions and trust in general.

#### 1) Sales activities through fair competition

All activities conducted by the Fujifilm Group follow industrial regulations, such as the Code of Ethics, the Charter of Business Behavior, the Promotion Code of the Medical Devices Industry, and the Fair Competition Code of the Medical Devices Industry in Japan, as specified by the Japan Federation of Medical Devices Associations, the Japan Fair Trade Council of the Medical Devices Industry, and the Japan Pharmaceutical Manufacturers Association. Further, we have set up the Fujifilm Group Charter for Corporate Behavior and the Fujifilm Group Code of Conduct, as well as intra-company regulations specified by Group companies involved in the healthcare business. Employees in each company carry out their business adhering to these regulations and through fair business competition.

#### 2) Information disclosure

The Fujifilm Group regularly discloses healthcare business information, such as funding, in order to gain the wider understanding of society with regards to the manner in which the Group operates its business to a high ethical standard.