In recent years, interest in the SDGs and ESG investment have been growing by the day. There has been a remarkable trend of investors demanding that companies in which they invest should formulate and carry out risk management and growth strategies with an eye toward issues that confront society. Amidst this situation, the value of ESG investments is undergoing skyrocketing growth, with the amount of fiscal 2019/3 up 34% in the two years since 2016, to $30.683 trillion (approximately JPY 3,418 trillion). Companies are pursuing a broad range of management categories with ESG investing, covering the Environment, Society, such as with human rights, labor, and other issues, and Corporate Governance. Included in these are the “CSR procurement activities” that have now become a much-discussed topic of conversation. These are activities that strengthen the level of management throughout the entire supply chain, calling for CSR-related management even on suppliers without capital relationship. In this feature, we introduce the CSR procurement activities that are accelerating initiatives to leverage synergies within the Fujifilm Group.

The 1990s, a decade notable for economic globalization, saw many multinational corporations aggressively expand into China, South East Asia and other emerging and developing countries. At the time, factories in these areas were the scene of environmental pollution, forced and child labor, among other human rights abuses, as well as explosions and fires. These were representative of a multitude of troubles that existed due to a poor level of management, causing problems such as line stops and defects.

In addition, NGOs, governments and citizen’s organizations that monitor such problems came to make demands on the corporations that placed orders to these factories to better manage and make improvements of such troubles within their supply chain. Those companies that neglected to take action became the subject of large-scale boycott campaigns and other initiatives that had a massive impact on their corporate brands.

As a result, many corporations began to demand that their suppliers strengthen their CSR management, including with regard to the environment, labor, and corporate ethics, so as to build a more stable supply chain. That said, improving the level of management at factories required a great deal of man-hours, cost and knowhow. As such, suppliers, with their limited human and financial resources, were constrained in their ability to respond just by themselves. The companies placing orders were asked to not only demand suppliers to make improvements, but facilitate such improvements. Therefore, the Fujifilm Group was a step ahead of the industry when it commenced development of CSR procurement activities that aimed to build a win-win relationship with suppliers.

Promoting Sustainable Procurement through Group Synergies

Why has CSR procurement come to be in such demand?

The document business as the impetus of CSR procurement activities

Dealing with rising CSR procurement needs

CSR procurement initiatives at the Fujifilm Group originated with the document business. Taking the lead with this business is Fuji Xerox Co., Ltd. (FX), and it was in the 2000s that this company’s major customers, primarily industry-leading companies from the U.S. and Europe, began asking about whether or not FX’s suppliers practiced CSR management, the methods used, results achieved and other details as part of tender specifications. At the same time, issues were emerging in China, a main base of production, including those regarding inconsistent quality of delivered components and delays in delivery due to strikes at supplier companies.

The Group came to understand that in the background there were numerous factors attributed to a dramatic transformation of society, including local governments taking a more stringent regulatory approach to the environment, labor safety and compliance, as well as soaring wages and high employment turnover rates driven by a shrinking labor force.

In the aim of solving these problems, in 2005 the CSR Division at FX launched study sessions with the management from its primary suppliers. It was through these study sessions that we deepened an awareness of the necessity of CSR procurement activities, and conducted thorough discussions about the measures that would lead to solutions of issues in the front operations. This marked the full-scale rollout of initiatives to build a framework of CSR procurement that could contribute to a more robust level of management at suppliers, enhance productivity, and mitigate risks, including with environmental pollution, accidents, and shut-downs.

Main production site
Fuji Xerox Shenzhen
Creating a structure with the aim of coexistence and co-prosperity

In September 2007, the CSR Division at FX took up the following three points to put in place a framework for CSR procurement, and commenced CSR procurement activities simultaneously in Japan, China and Korea.

**Point 1** Adoption of CSR procurement management criteria that meet global standards

To enable suppliers to more easily conform to the CSR procurement requirements of companies other than FX, the RBA Code of Conduct*, the global CSR procurement standard for the electronics industry, was adopted as their management criteria.

**Point 2** Offer the knowhow held by Fuji Xerox and Fuji Xerox Shenzhen

FX provided to suppliers the range of expertise, including the "employee support program" of Fuji Xerox Shenzhen (FXSZ), its main production site. The program succeeded to boost employee retention rates, raise quality and productivity, and minimize hiring and educational costs, among other benefits. The company also offered its knowhow related to preventing environmental pollution and accidents, proactively supporting suppliers in enhancing level of management and reducing costs.

**Point 3** Produce and provide management tools

FX developed management tools including the CSR Management Guidelines that summarized the standards with which suppliers must comply and to what extent they must comply, and the CSR Self-Checklist that was designed for simple identification of issues pertinent to a company just by responding to its questions. These tools enabled even local staff at suppliers who may not be accustomed to audits to appropriately discover and make improvements to issues.

FX distributes these Management Guidelines and Self-Checklists to suppliers at a policy briefing held at the start of each fiscal year. The suppliers confirm the status of their companies, formulate plans to make improvements and submit these to FX. FX then performs an audit of those suppliers requiring a field evaluation, facilitating improvements on site as well as conducting follow-up confirmation. This process is repeated every year as part of a framework that was put in place to steadily move forward on improvements.

*Responsible Business Alliance: Stipulates the standards within the electronics industry supply chain for ensuring safe working environments, treating workers with respect and dignity, taking responsibility for the environment, and ethically conducting business. Formerly EICC (Electronics Industry Code of Conduct).

**CSR procurement activities come to fruition**

FX’s CSR procurement activities gradually began to bear fruit as the spirit they represent became interwoven throughout the fabric of supplier companies. With regard to the most important categories of the CSR Self-Checklist, FX is seeking to have an over 90% rate of compliance at all of its suppliers. In 2007 when these activities began, 46%, or less than half of companies met these conditions, but this improved significantly over three years, and now the rate is holding steady at roughly 90% (see the following figure). In this way, activities that utilize the CSR Self-Checklist brought about major results at FX’s production sites including FXSZ, and delays in delivery due to strikes, inconsistent quality and other causes at suppliers have decreased sharply.

Promoting compliance based on FX’s CSR procurement activities at their suppliers as well, is raising the level of management with regard to environmental, safety and other concerns at factories, and mitigating risks. Moreover, those suppliers that have proactively endeavored at CSR procurement have increased their rates of employee retention and cut costs associated with hiring, education and management. This has also benefitted their management through the growth of businesses with global companies.

These CSR procurement activities that have the aim of creating win-win relationships are steadily taking root at production sites, and are tied to firm support for procurement and production, which are at the foundation of the manufacturing industry.
Rollout across the Fujifilm Group

Utilizing the FX CSR procurement scheme at Fujifilm’s production subsidiaries

Demands for CSR procurement activities are recently growing across a range of industries, and Fujifilm (FF) is also responding to audit requests targeting its suppliers, as well as taking action as a group to strengthen CSR procurement in order to head off trouble at suppliers before it occurs.

In November 2018, FUJIFILM Holdings Corporation (FH) integrated the CSR-related organizations at FF and FX. This also marked the start of efforts to rollout FX’s CSR procurement scheme to FF’s production subsidiaries.

For the first round of this rollout, FF selected FUJIFILM Imaging Systems (Suzhou) Co., Ltd. (FC) in Suzhou, China, which manufactures digital cameras, instant photo systems and medical equipment, all products that customers have in recent years made an increasing number of queries to confirm the CSR management of suppliers. Having obtained the cooperation of FXSZ, which possesses the expertise in audits and supporting improvements in China, FC began to practice CSR procurement.

Performing a trial audit

In January 2019, the members who established CSR procurement activities at FXSZ were dispatched to Suzhou in order to confirm the current status of CSR management at FC’s suppliers and whether FX’s approach to CSR procurement built up in the office equipment field could be applied to these suppliers. The staff members visited FC’s suppliers and audited management status based on the CSR Checklist, and also confirmed CSR management conditions by conducting interviews with employees. The two-day audit identified a number of issues at the suppliers and confirmed that Fuji Xerox’s approach could indeed be applied to FC. Subsequently, FC formed a four-member promotion team and initiated activities aimed at deploying CSR procurement promptly.

Working to enable CSR procurement at FC

With the intent of accelerating CSR procurement activities at FC, in May 2019 representatives from FC were dispatched to FXSZ’s CSR Division. Along with being trained on CSR procurement systems and the auditing method known as the “diagnostic visit,” the representatives accompanied an audit to FXSZ’s supplier to acquire their expertise. While cooperating with FXSZ, the representatives also deployed CSR procurement at FC.

Through training at FXSZ and accompanying audits to suppliers, FC CSR procurement management team members have learned many things. In particular, we recognized that FXSZ CSR procurement covers various laws and regulations in China, and that during audits FXSZ does more than just point out problems, it also provides support by offering advice for improvement. This approach is also effective for building a win-win relationship with suppliers. Moreover, we also learned that it is important to sufficiently communicate with suppliers on a routine basis, and build relationships of trust. Working with the procurement division we seek to pursue the creation of an even stronger supply chain by getting CSR procurement on track.

For deployment throughout China

In June 2019, the Fujifilm Group’s China Environmental Meeting was held in Suzhou and attended by environmental and CSR staff from all FF and FX sites inside China. The event broke down all barriers between product lines including document, imaging and medical for the first time, thereby sharing the results and various concerns on environmental, labor safety and CSR procurement-related activities, and allowing for discussion with regard to finding solutions to such problems.

FXSZ shared the results of their CSR procurement deployment as the latest case along with the fact that no production line stops attributable to CSR risks occurred at their suppliers for four consecutive years since 2015 (see the following figure).

Line stoppage time at Fuji Xerox Shenzhen attributable to trading partners’ CSR risk factors

<table>
<thead>
<tr>
<th>(FY)</th>
<th>0</th>
<th>13/3</th>
<th>14/3</th>
<th>15/3</th>
<th>16/3</th>
<th>17/3</th>
<th>18/3</th>
<th>19/3</th>
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<tbody>
<tr>
<td>0</td>
<td>25</td>
<td>50</td>
<td>75</td>
<td>100</td>
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<td>0</td>
<td>0</td>
<td>48</td>
<td>0</td>
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*Fiscal 2013/3 set at 100.
FXSZ also explained that many of the factories operated by their suppliers who have actively implemented CSR procurement in response to FXSZ’s CSR procurement activities have raised their level of environmental, labor, and safety management, improved quality and productivity, prevented environmental pollution and accidents, and mitigated the risk of delays in component delivery due to shut-down orders issued by the government. In this way, the meeting served as an opportunity for the participants to once again share the necessity and importance of CSR procurement.

Group-wide Deployment

In August 2017, FH formulated the Sustainable Value Plan 2030 with a target fiscal year of 2031/3, in which one of the priority issues is strengthening the management of supply chains. The Fujifilm Group operates 15 businesses and employs a wide range of business models including B to B and B to C. Moreover, the Group offers a wide range of products and services, from instant cameras to medical devices, pharmaceuticals, highly functional materials, and office equipment. The Group therefore maintains a wide variety of suppliers and supply chains, which increases the importance of effective and efficient CSR procurement activities suited to each business.

By sharing and deploying expertise throughout, the Fujifilm Group will work to promote and reinforce CSR procurement, and to establish a sustainable supply chain. At the same time, the Group will promote Goal 8 of the SDGs, namely, “promote decent work (work that is humane and meaningful),” while contributing to the realization of sustainable economic growth.

Lately, we see a lot in the news about trade friction between the U.S. and China, and economic slowdown in China. Nonetheless, China is the world’s second largest market, and this is an important market that, compared to developed nations and other emerging countries, is anticipated to achieve great growth in the future.

It will be critical for Fujifilm Group to earn the trust of customers and society in China, and to have their understanding and support for its business activities in order to achieve continuous growth in the country. That’s why it will be vital to strengthen management of the environment, labor safety and compliance, which in recent years have come under increasingly stringent enforcement, not just for one’s own company, but throughout the supply chain. CSR procurement is a meaningful solution to accomplish this, so we intend to take the lead as the regional headquarters and work hand-in-hand with the FH ESG to rollout and promote this solution throughout the China region.
The Fujifilm Group’s Value Creation

Social values

ESG Initiatives

The Fujifilm Group’s roots of CSR

The Fujifilm Group’s business originated with photographic film, a product for which lots of clean water and fresh air are essential to the manufacturing process. Moreover, photographic film requires customers to “buy on trust” that it will finish as a beautiful image since they cannot try it out beforehand. Thus, for the Fujifilm Group, an approach which emphasizes environmental conservation and maintaining the trust of stakeholders has been a major premise at the very foundation of our business activities. With the consideration for environment and the trust of stakeholders as the roots of the Fujifilm Group’s CSR activities, we are currently engaged in various initiatives in accordance with “the Fujifilm Group’s Approach to Corporate Social Responsibility”, which is to “Contribute to the sustainable development of society by putting our Corporate Philosophy into practice through sincere and fair business activities.”

The Fujifilm Group’s Approach to CSR

The Fujifilm Group established its current Corporate Philosophy and Vision following the shift to a holding company structure in 2006. Based on the spirit of contribution to advancement of society, improved health, environment protection and enhancement of the quality of life of people by providing top-quality products and services with open, fair and clear workplace culture and leading-edge, proprietary technologies, we have established the Fujifilm Group Charter for Corporate Behavior and Code of Conduct which were implemented throughout the Group.

Furthermore, we have made clear the following statement so that all of Fujifilm Group employees have been aware and committed to fulfilling CSR in their daily business activities. “Fujifilm Group’s Approach to CSR is to contribute to the sustainable development of society by putting our Corporate Philosophy into practice through sincere and fair business activities”,

<table>
<thead>
<tr>
<th>The Fujifilm Group’s Approach to CSR</th>
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<tr>
<td>The Fujifilm Group’s approach to corporate social responsibility is to contribute to the sustainable development of society by putting our Corporate Philosophy into practice through sincere and fair business activities.</td>
</tr>
<tr>
<td>We will not only fulfill our economic and legal responsibilities, but also:</td>
</tr>
<tr>
<td>1. endeavor to understand global as well as local environmental and social issues and create value to address these issues through our business activities.</td>
</tr>
<tr>
<td>2. continue to evaluate the environmental and social impact of our business activities and strive to improve the performance while increasing our positive impact on society.</td>
</tr>
<tr>
<td>3. constantly reassess whether our activities are responding adequately to the demands and expectations of society through proactive stakeholder engagement with our stakeholders.</td>
</tr>
<tr>
<td>4. enhance corporate transparency by actively disclosing information.</td>
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In June 2019, the Fujifilm Group reorganized the CSR Committee into the ESG Committee and established the ESG Division which has evolved from CSR Division newly under the direct command of the President in an effort to strengthen ESG initiatives and continuously enhance corporate value.

The ESG Committee, chaired by the President, deliberates and makes decisions on important issues related to the Fujifilm Group’s ESG initiatives. Moreover, concerning matters of risk at Group companies, from the overall Group’s perspective, the committee formulate basic policies while also promoting and examining appropriate countermeasures. The ESG Division is also secretariat of the ESG Committee and works with ESG department of each group company to promote and raise compliance awareness, while actively working on CSR throughout the Group.

The Fujifilm Group’s CSR Promotion System

<Function of ESG Division of FUJIFILM Holdings>
- ESG Committee Secretariat
- Activity promotion across the entire Fujifilm Group
- Apply policies and strategic objectives (determined by the ESG Committee across the entire Fujifilm Group)
- Implement and manage progress of priority issues and initiatives as determined by the ESG Committee across the Fujifilm Group
- Support the Fujifilm Group’s CSR activities
  (collect information and conduct analysis and evaluation)
- Promote public information disclosure and dialogues with stakeholders
- Consultation Offices for the entire Fujifilm Group

<Function of ESG department of the operating companies>
To fulfill our CSR:
- Formulate and implement CSR activity plan
- Ensure thorough compliance and conduct risk management
- Promote communication with stakeholders
- Report CSR measures to FUJIFILM Holdings’ ESG Committee

Communication with stakeholders on CSR initiatives

FUJIFILM Group engages in activities with a variety of stakeholders and believes that it’s important to accurately capture their views and expectations. Through various opportunities, we verify whether we are responding appropriately to social demands and expectations and reflect our findings in our activities.

<FUJIFILM Holdings Corporation Sustainability Report>
The Sustainability report is published so that stakeholders can better appreciate the Fujifilm Group’s efforts and initiatives.

Beginning with the FY2020/3 edition, the content has been enhanced with a two-part structure consisting of “Management Part” and “SVP Story Part”. The Management Part mainly publishes our basic data from the environmental, social and governance (ESG) perspective with regard to those matters that society expects companies to address. The SVP Story Part showcases activities conducted by the Company based on its CSR plan, “Sustainable Value Plan 2030.”

FUJIFILM Holdings Corporation Sustainability Report

<Fujifilm Holdings Corporate Website CSR Activities>
A wealth of information on CSR activities is also posted on the Fujifilm Holdings website.
The Fujifilm Group’s Value Creation

Social values

“Sustainable Value Plan 2030” - Initiatives

Environment

Reduce our own environmental impacts and contribute to the resolution of environmental issues. For details, please refer to the page 12 of the SVP story part of FUJIFILM Holdings Corporation Sustainability Report.

Social Issues

Since the Industrial Revolution, various environmental problems have arisen as people’s lives have become richer, and these problems are becoming more serious on a global scale. To achieve sustainable growth going forward, the international community must balance economic activity with resolving environmental issues. The Paris Agreement calls on all countries to work to reduce greenhouse gas emissions.

The Fujifilm Group’s Priority Issues

1. Address climate change.
2. Promote recycling of resources.
3. Address energy issues toward a non-carbon society.
4. Ensure product and chemical safety.

The Fujifilm Group’s Initiatives

1. Addressing climate change

We are actively involved in introducing renewable energy systems with the aim of reducing CO₂ emissions generated by the Fujifilm Group. In FY2016, we converted 100% of the power used by our factory in the Netherlands to renewable energy. And then, in FY2018, we installed large-scale solar power generation system at our factories in China. We are working to address climate change throughout the supply chain mainly by organizing briefing sessions for our business partners and providing energy-saving technology held by the Fujifilm Group. Furthermore, with the aim of reducing CO₂ emissions in society, we set about clarifying the environmental value of our products and services to complement our existing internal rules for Design for Environment (DfE) and rolled out a new in-house environmentally friendly product certification system known as Fujifilm Group Green Value Products. Up ahead, we will continue to develop and spread products and services that minimize environmental impact.

2. Alternative safety evaluation method without animal testing

In June 2019, Amino acid Derivative Reactivity Assay (ADRA), an alternative skin sensitization test developed by Fujifilm has been adopted in the OECD test guidelines for evaluating the safety of chemicals substances. ADRA can evaluate a wider variety of chemical substances by making use of a reagent with high detection sensitivity developed with Fujifilm’s chemical synthesis and molecular design technology. The adoption of ADRA in the OECD test guidelines marks the international recognition of the method as a standardized method of evaluation, contributing to the more widespread use of an alternative test without conducting animal experiments.

TOPICS

Endorsed the recommendations by the TCFD and joined RE100

The CSR plan known as Sustainable Value Plan 2030, which targets the fiscal year ending March 2031, sets out specific reduction targets with a focus on addressing climate change as a priority issue in the environmental field. The Fujifilm Group is steadily working towards achieving this.

In December 2018, we endorsed the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD)*1. Going forward, we will actively disclose information on the impact of climate change on our business activities from the perspectives of governance, strategy, risk management, and so on. In April 2019, the Company joined the RE100*2, an international initiative in which companies aim to use 100% renewable energy in their business activities. By the fiscal year ending March 2051, all electricity purchased will be converted to renewable energy-derived power, and by adopting new technologies such as converting fuel used in in-house power co-generation systems to hydrogen fuel, we will aim to achieve zero CO₂ emissions for all energy used by the Fujifilm Group.

In order to achieve the targets of the Paris Agreement and SDGs, we will actively participate in international climate change initiatives accelerating efforts through our business.

*1 The Task Force on Climate-related Financial Disclosures was established by the Financial Stability Board, which is composed of central banks and financial regulators from major countries. In June 2017, the TCFD announced proposals that require private companies to disclose the financial impact of risks and opportunities due to climate change in order to understand the impact of climate change issues on financial market stability. As with existing financial information disclosures, it is recommended that climate change related financial information be used as a component of financial assessment by those who are financial-related.

*2 An initiative convened by The Climate Group, an international NPO which promotes climate change countermeasures, in partnership with CDP, an international NPO that encourages companies to disclose and manage their information on environmental impacts. The RE100 is made up of companies committed to using 100% renewable energy in their business activities.
Social Issues

One of the goals set out under SDGs is to “achieve universal health coverage (UHC), ensuring that all people can access essential quality health services without facing financial hardship.” UHC requires the development of medical infrastructure that makes healthcare and medical services readily available to all, improvement in medical care quality and society that places top priority on health, with emphasis on disease prevention and early detection.

The Fujifilm Group’s Priority Issues

1. Fulfill unmet medical needs.
2. Improve accessibilities to medical services.
3. Contribute to early disease detection.
4. Contribute to health promotion and beauty.
5. Promote management of a healthy workplace.

The Fujifilm Group’s Initiatives

1. Development of regenerative medicine products
We are accelerating our initiatives in regenerative medicine, which has much potential to be an effective method of treatment for unmet medical needs. Japan Tissue Engineering, the first company in Japan to acquire marketing approval for regenerative medicine products, continues to take steps towards the industrialization of regenerative medicine. Namely, in aiming to expand indications for JACE®, an autologous cultured epidermis, epidermolysis bullosa was added as an indication in FY2018, and the company is submitting an application for the marketing approval of Japan’s first autologous cultured corneal epithelium as a regenerative medicine product for the ophthalmologic field.

2. Improving the medical environment in emerging countries
In light of the global objective of achieving UHC in emerging countries, as highlighted in the SDGs and elsewhere, the Fujifilm Group is leveraging its know-how honed in Japan to support mainly the improvement of medical technology, human resource development, and dissemination of regular medical checkup practice in emerging countries. In FY2018, we hosted our first mammography training seminar in South Africa for the purpose of providing technical instructions and training to doctors and technicians. We also ran endoscopy workshops in Myanmar, Kyrgyzstan, and other countries. Furthermore, we are jointly developing a highly sensitive rapid diagnosis kit for tuberculosis—one of the three major infectious diseases in the world—with Swiss NPO FIND. With the goal of obtaining a recommendation from the World Health Organization (WHO), the kit achieved compliance with the EU’s Directive 98/79/EC for in-vitro diagnostic medical devices (IVDD) in December 2018. We then started providing the kit to research institutes for clinical assessment.

Establishment of Fujifilm Group Employee Wellness Declaration

Recognizing the health of its employees is an important management issue, the Fujifilm Group has been promoting health management, improving the health of its employees by, for example, implementing health awareness activities, and making efforts to build systems that can be used effectively such as by integrating health check results and stress check data for employees throughout the Group. The Company has also received external recognition, having been certified, for the third consecutive year, as one of the Certified Health and Productivity Management Organization Recognition Program—White 500.

In September 2019, the Fujifilm Group established its Employee Wellness Declaration. Amid increasing interest in extended healthy life expectancy and work style reforms among a super-aging society, the Fujifilm Group will more strongly promote the health of its employees who are the source of new value creation for society by establishing this Declaration based on its management philosophy. Looking to the future, the Fujifilm Group will continue to develop initiatives that are right for each country and region, including setting KPIs targeting 2022 in five health related areas (lifestyle-related diseases, cancer, smoking, mental health, and long working hours). Moreover, Fujifilm will not only accelerate the employee wellness initiatives but also contribute to the health of many people by providing products and services of medical system business, pharmaceuticals business and so on in the healthcare field.

FIND is an international non-profit organization headquartered in Geneva, Switzerland. Established in 2003, the organization provides support to join development partners through the provision of blood samples, diagnostic agents and information, in order to promote the development and usage of new technologies that can meet diagnostic needs in developing countries for conditions including tuberculosis, malaria and AIDS.
The Fujifilm Group’s Value Creation

Social values

“Sustainable Value Plan 2030” - Initiatives to Combat Priority Issues

Daily Life

Social Issues
As industrial and economic development proceeds urbanization, people’s lives have become more convenient and comfortable. However, on the other hand, stress and alienation from society have become problems. In particular, the rapid evolution of the information-oriented society has created new forms of enjoyment and fresh services, but it also has led to an increase in various concerns and risks. To create a healthy and sustainable society, in addition to building infrastructure and an environment that allows all people to live safely and securely, it is also important to have communication providing emotional support and purpose in life.

The Fujifilm Group’s Priority Issues
1. Contribute to creating a safe and secure society.
2. Contribute to enriching humanity and relationships between people.

The Fujifilm Group’s Initiatives
1. Contribution to the creation of a safe and secure society
In FY2018, we began collaboration with Nagasaki Prefecture and Nagasaki University to explore next-generation AI technology for streamlining the inspection and diagnosis of social infrastructures including bridges, and carry out social implementation of AI-based solutions. We are also entering into the surveillance camera market in response to growing demand for security measures at mainly international border controls and public facilities. We are pushing forward with development of a number of products designed to minimize risk, such as the sale of long-range surveillance cameras with the use of cutting-edge optical technology and image processing technology.

2. Homesha Project to establish a new child-raising practice through “Praise with Photos”
In August 2018, The Homesha Project kicked off in earnest. This activity aims to spread a new child-raising practice that enhance a sense of self-esteem in children and instill confidence by using displayed photos to praise the actions of children. In comparison with other industrialized nations, many children in Japan show a low level of self-esteem. As the main partner of this project, the Fuji-film Group intends to broadly promote these practices in the hope that it will lead to an increase in the number of more confident children.

Work Style

Social Issues
With the ever-increasing competition amid globalization and technological innovation, a company has to offer a work environment where individuals can exert their capabilities and creativity to the fullest extent and have greater satisfaction in their job. This is the way for a company to grow constantly—by streamlining its business and fully utilizing diverse human resources. To this end, it is indispensable for us to build a system that realizes a new way of working and delivers a communication environment free from various limitations. We must also promote various work styles for employees to choose to meet the needs of their lifestyle and life stage changes.

The Fujifilm Group’s Priority Issues
1. Create environments that lead to motivated workplace.
2. Develop and utilize diverse human resources.

The Fujifilm Group’s Initiatives
1. Providing solutions to support work-style reforms
Companies are required more than ever to strengthen their security measures as a result of the rapid expansion of IT utilization, the technological innovation and more opportunities for employees to access Company’s information assets from outside when working remotely. At the same time, many SMEs (small and medium enterprises) face the challenges of IT personnel shortage, deficient knowledge of how to manage IT after installation, and cost optimization. To address these issues, Fuji Xerox offers SMEs an outsourcing service known as beat. This one-stop service builds, runs, and manages a secure network environment that safeguards the client organization’s information assets and IT network.

2. Optimizing Business Processes by Data Utilization
As part of work-style reforms at Fujifilm, we are actively training employees to adopt such data utilization and streamlining work processes by effective data utilization. We established the Digital Reform Committee in 2017 and since 2018 we have stationed so-called digital officers in each division and implemented data scientist training sessions that aim to develop core personnel. These initiatives, among others, are helping to improve productivity and keep costs down. We also have future plans to put in place an education system that utilizes ICT to improve competency levels across the entire Group.
Social Issues
In recent times, environmental destruction associated with new land development and labor exploitation issues, including harsh working environments and overwork, are becoming social issues rapidly to keep pace with expansion of the global population and economic growth. Against this backdrop, corporations are now required to build sustainable supply chains from the viewpoint of the environment, ethics, and human rights so that they can maintain a sustainable manufacturing process to provide products and services.

The Fujifilm Group’s Priority Issues
Strengthen CSR foundations across the entire supply chain including factors of the environment, ethics, and human rights.

The Fujifilm Group’s Initiatives
1. Strengthening CSR procurement activities
We regard collaboration with suppliers concerning socially responsible management as highly important. This is why we have been working to gain their understanding particularly from our production materials suppliers.

Fuji Xerox has been leading promotion of ethical procurement in the Group since 2007. This is because the company belongs to the electrical and electronic industry, where demand for socially responsible management has been strong since early days. It also introduced a scheme for mutual consensus assessment on CSR initiatives with suppliers. With the assistance of Fuji Xerox, this scheme began to be rolled out to Fujifilm’s production subsidiaries in FY2018. We will continue to advance and reinforce such CSR procurement activities at a Group-wide level.

For details, please refer to the special feature 2 on page 40: Promoting Sustainable Procurement through Group Synergies.

2. Respecting human rights
To identify priority human rights issues that the Fujifilm group should address, we identified human rights risks that our business could potentially cause in each existing business segment and conducted the risk assessment with options from overseas experts including international human rights NPOs. In FY2018, out of these issues, we have identified the following two areas as salient human rights issues and have begun to take concrete action: (1) Actions for suppliers, contractors and cooperation companies, and (2) Actions for employees.

Governance
To continue as a valued member of society and to grow, the company must meet the expectations of its various stakeholders and to win the trust of society. To fulfill its social responsibilities and promote sustainable growth and long-term improvement in corporate value, the company must conduct its business activities in accordance with the social code of conduct, with an emphasis on transparency and fairness. It is important to improve corporate governance, which is essential for swift and bold decision-making, and implement measures that lead to corporate growth and improvement in corporate value alongside changes in the business environment.

The Fujifilm Group’s Priority Issues
Improve and maintain governance structures by further disseminating an open, fair and clear corporate culture.

The Fujifilm Group’s Initiatives
1. Revision of Charter for Corporate Behavior and Code of Conduct
In consideration of the changes taking place around the world, a company’s responsibilities, as well as its impact on society, are becoming even greater. In April 2019, we have revised the Fujifilm Group Charter for Corporate Behavior and Code of Conduct in order to lay out how each employee should conduct. We included details about measures for addressing issues like the SDGs, human rights, and crisis management, and clearly stated that the Fujifilm Group must contribute to creating a sustainable society through innovation and that compliance is key if we are to remain a company trusted and needed by society. To further employee understanding of these policies, we are currently running training sessions in 24 languages for all Group employees in and outside of Japan.

2. Strengthening corporate governance
In September 2017, we established the Global Audit Division, consolidating the existing audit organizations in each Group company, to create a global audit system. In FY2018, we introduced new auditing methods utilizing IT. The original system was developed internally, utilizing our own AI and other internal systems. This led to analysis that combined more detailed internal data and produced greater accuracy, making it possible to detect problems and signs of wrongdoing as well as to save costs through internal development. We are going to expand its application in the future.