Taking the lead for growth
Fuji Xerox Australia Sustainability Report 2014
Welcome to our 10th annual sustainability report.

We are proud of our longstanding commitment to working with our value chain – from our suppliers through to our customers – to deliver sustainable solutions as we grow and transform our business. In this report we share with you how we are addressing the matters currently most material to us and to our stakeholders.
Our sustainability report covers the Fuji Xerox Australia financial year ending 31 March 2014. This is our tenth annual sustainability report, with our first produced in 2005.

This report is in accordance with the Global Reporting Initiative G4 Core guidelines and checked by Net Balance.

**Sustainability assurance**

Selected data in this report has been independently assured by Net Balance to a limited level of assurance in accordance with the Australia Standard on Assurance Engagements 3000 (ASAE 3000). Key information selected for assurance is summarised in the assurance statement and indicated in the GRI content index.

The assurance process is managed by our sustainability team and a management report shared with our executive leadership team and managers responsible for the subject matter.

Net Balance’s assurance statement for this report is provided on page 46.

In the previous year Net Balance undertook a moderate level of assurance against the AA1000 Accountability Principles (2008) and a moderate level of assurance on specified sustainability performance information.

**Fiscal integrity**

Ernst and Young conduct our annual financial audits. The financial statements for Fuji Xerox Australia are placed on public record, having been filed with the Australian Securities and Investment Commission. The audit report is free from qualification.

**Report boundary**

This report covers the Fuji Xerox Australia operating company which for the purposes of this report, includes:

- Fuji Xerox Australia Pty Ltd and its sister company Fuji Xerox Finance Ltd. The financial figures in this report reflect the statutory accounts for both entities, adjusted where applicable for inter-company transfers.
- Upstream Print Solutions Australia Pty Ltd (Upstream), which was acquired by Fuji Xerox Australia in 10/11 and is managed as a wholly owned subsidiary.
- A regional product distribution hub and a regional support centre which Fuji Xerox Australia operates on behalf of Fuji Xerox Asia Pacific Pte Ltd. While these operations include employees of both Fuji Xerox Asia Pacific Pte Ltd and Fuji Xerox Australia, they effectively report to Fuji Xerox Australia, are accommodated in our premises, contribute to our business results and therefore are considered within the boundary of this report.
- Our 21 facilities across the country.
- We have no joint ventures.

This report excludes Fuji Xerox Printers, a separate Fuji Xerox Asia Pacific Pte Ltd entity focused on the desktop printer market across Asia Pacific. The report also excludes Fuji Xerox Document Management Solutions Pty Ltd, a 2012 acquisition by Fuji Xerox Asia Pacific Pte Ltd.

Our report also excludes the environmental footprint of the managed services we provide on customer sites. We recognise that the outsourcing of business processes such as print, design, mail and office services to us involves an obligation to manage processes responsibly, which we are addressing by applying environmental management and measurement practices to the appropriate operational frameworks.

While the scope of this report is heavily focused on our operations in Australia, we have also touched on our broader impacts. These extend through an international supply chain, which includes the manufacture of our equipment in Japan, China, Korea, Singapore, Europe and North America; the sourcing of our paper from various global suppliers; and the international logistics associated with our product.

Fuji Xerox Co Ltd also produces a sustainability report that incorporates the sustainability performance of all Fuji Xerox affiliates. See [www.fujixerox.com/eng/company/sr/2014](http://www.fujixerox.com/eng/company/sr/2014).
Significant changes
This year our report is focused on the material matters as identified through our 2014 materiality assessment and we have limited our report to be in accordance with GRI G4 Core requirements. Our GRI content index is shared on our report centre landing page, alongside the reporting criteria for assured indicators. See: http://www.fxasustainability.com.au/2014/

Other aspects of our sustainability approach and performance previously reported on in detail including our environmental impact, community investment and product stewardship, are being shared in a more tailored fashion for different audiences such as our employees, customers, our parent company and other interested parties. Some highlights are shared in this report.

Acknowledgments
We would like to thank all who contributed to the production of this report — subject matter owners, photographers, designers, editors and many others who supported and guided the project. This report would not be possible without their commitment.

Your feedback is greatly appreciated
We invite our readers to share comments, suggestions and thoughts on this report by participating in a brief online survey.

To provide feedback please visit: www.fxasustainability.com.au/2014/survey

Any queries you have may be directed to:

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Governance Risk and Assurance
Fuji Xerox Australia (head office)
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Macquarie Park NSW 2113
T: 02 9856 5000  F: 02 9856 5003
E: Robbie.Brown@aus.fujixerox.com

Report availability
Our report is also available as an interactive PDF from our sustainability microsite and is optimised for reading on desktop and tablet devices. See: http://www.fxasustainability.com.au/2014/

Print production
We have undertaken a limited print run of our report, using our latest digital technology, the Versant 2100.

The paper stock used is from our FSC Carbon Neutral digital uncoated paper range.

Design
This report has been designed and produced by BWD.

‘Growth’ by Mangesh Ambetkar, Usability Consultant, Sales and Marketing Group, Sydney
Message from Nick Kugenthiran, Chief Executive Officer

Fuji Xerox Co Ltd is built on the foundations of ethics and integrity, where sustainability is simply how we run our business responsibly.

Locally these foundations allow us to continue being market leaders — ensuring the longevity and profitability of our business so we can continue to provide rewarding opportunities for our people, sound solutions for our customers, returns for our shareholders, minimise our impact on the planet and add value to society.

The year in review was challenging across many industries and Fuji Xerox Australia shared the pain of changing market conditions with a 3 percent decline in sales revenue. This added stimulus to a review of our strategy and brought renewed focus on our core business and simplification of our organisation structure.

For me personally, 13/14 was a year of clarity and inspiration. We have grown organically as a company since entering the Australian market 54 years ago, but in this accelerated time of change our ability to be nimble and resilient is vital to growing market share and becoming truly customer-centric; a company that thinks from the customers’ perspective, not just our own.

The first step in our review was to look at how we went to market and what our customers’ experiences of dealing with Fuji Xerox Australia were like. Operating with 12 divisions, each with their own agenda, caused inconsistencies in the ease of doing business with us and challenged our ability to adapt and respond quickly to our customers. In April 2014 we merged the 12 divisions into five operating groups, each group aligned to one or more strategic imperatives for greater collaboration and quick decision making.

While I continue to lead the business as chief executive officer, I have also taken on direct responsibility for our new sales and marketing group. These changes will enable us to focus on driving high performance and customer centricity. Customer centricity, organisational alignment and business viability remain our long-term strategic imperatives.

In 14/15 we are focused on:
• listening to our customers to add value
• delivering on our promises
• growing our business.

While the primary focus is on our material matters, our community investment, product stewardship and reducing our environmental footprint continue to be important and are referenced at the end of the report.

In the current economic climate, a fresh focus on financial sustainability has emerged. This means it is essential that we focus on what matters most to our customers. We must truly understand their businesses and their needs, and implement solutions that will help their bottom line and allow them, in turn, to focus on their customers. Simply put, we want to ‘liberate’ our customers to help them work smarter.
Message from Nick Kugenthiran, Chief Executive Officer (continued)

As a billion-dollar company committed to the principles of the UN Global Compact, responsible procurement and sharing our commitment to sound environmental, social and governance practice with our suppliers is essential.

In 13/14 we invested in a team of procurement professionals who have implemented a stringent and sustainable procurement policy, positioning us well for full deployment in 14/15.

Employment levels are on the rise and attracting the right talent is imperative for business continuity and to create a competitive advantage. In 14/15 we are transforming how we recruit, a process that includes talent retention and attraction strategies to ensure we have the best in class to meet our business goals.

I believe building a new diversity strategy in 13/14, with an initial focus on gender diversity, introducing paid parental leave and flexible work policies, will also play a vital role in achieving our objectives.

This year we will continue our commitment to the growth and development of women in our business, joining other large organisations in Australia by putting hiring metrics in place to ensure women are on the shortlist for jobs. We are also extending our leadership programs to develop and grow our emerging and existing talent into future leaders.

Our employees’ health, safety and wellbeing continue to be a material matter for the business. Four years of a robust management approach has resulted in significant reductions in our lost-time injury rate and workers compensation claims.

In 13/14 we placed great emphasis on sharing honest, transparent and timely communication and put our managers through a program to help them lead people through change.

The level of change across our business can place additional stress on our people, so ensuring they are well supported, protecting their wellbeing and fostering a healthy workplace remain priorities for the year ahead.

With a sharpened focus on our customers, we will transform our business and ensure it is sustainable, providing great outcomes for all our stakeholders.

Regards,

Nick

2000
Elected to the United Nations 500 Roll of Honour for environmental leadership.

2008
Established industry first dealer sustainability program.

2009
All office devices certified by Good Environmental Choice Australia and Energy Star 2009 compliant.

2010
Won Banksia Award for Leading in Sustainability.

2011
Won FSC Responsible Procurement Award.

2012
Achieved zero waste to landfill from products and consumables collected from customers.

2013
100 percent of papers sold FSC, FSC carbon neutral or PEFC certified or made from recycled content.

2014
Achieved GBCA Five Star Green Star – office interior V1.1 rating for Eco Manufacturing Centre.

“ I believe building a new diversity strategy in 13/14, with an initial focus on gender diversity, introducing paid parental leave and flexible work policies, will also play a vital role in achieving our objectives.”
Our business

‘Alignment’ by Les Okey, Technical Specialist, Customer Operations Group, Melbourne
Fuji Xerox Australia is part of a world-leading enterprise supplying business and document management services.

Through our broad portfolio of document technology, services, software and supplies, we provide essential back-office support that clears the way for our customers to focus on their core business.

Our customer base is diverse, covering large, medium and small; public, private and not-for-profit sector organisations throughout Australia.

Having received a number of awards including the United Nations 500 Roll of Honour for environmental leadership and the Banksia Award for Leading in Sustainability, Fuji Xerox Australia is widely recognised for its commitment to sustainability.

For more information visit: http://www.fujixerox.com.au/

<table>
<thead>
<tr>
<th></th>
<th>Total number of employees nationally</th>
<th>Total assets (AUS)</th>
<th>Consolidated revenues in 13/14 (AUS) about</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,091</td>
<td>$1.5 billion¹</td>
<td>$1 billion</td>
</tr>
</tbody>
</table>

¹ Fuji Xerox Australia discloses financial figures based on publicly available Australian statutory accounts. It follows direction from Fuji Xerox Co Ltd on financial disclosures in accordance with a directive from FUJIFILM Holdings Corporation.

For financial information reported by Fuji Xerox Co Ltd, please see www.fujixerox.com/eng/company/profile/finance.

Office Solutions
Printers, workflow solutions and multifunction devices. All may be purchased as a managed print service.

Global Services
Managed print services, document and digital communication strategies — creative services, mail, print production infrastructure management, and business process outsourcing — accounts payable and human resource records; claims and applications processing; dynamic content publishing, imaging and storage.

Production Services
Commercial printing systems, workflow solutions, software and services.

Other
A range of other products and services including financing, and office supplies for printing, preparation and finishing of documents.
Our business (continued)

Regional spread of employees

Notes:
• Percentage figures calculated as number of permanent, fixed, casual and parental (by gender and location) for Fuji Xerox Australia and Upstream.
• Figures specifically exclude regional service centre employees and non-Fuji Xerox Australia payroll contingent labour who also occupy sites.

Workforce 13/14

<table>
<thead>
<tr>
<th>Gender</th>
<th>Full time</th>
<th>Part time</th>
<th>Employed casuals</th>
<th>Total by gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Males</td>
<td>1,366</td>
<td></td>
<td></td>
<td>1,416</td>
</tr>
<tr>
<td>Females</td>
<td>534</td>
<td></td>
<td></td>
<td>675</td>
</tr>
</tbody>
</table>

Notes on above data:
• Full time calculated as fixed term + permanent with =>37.5hrs standard each week.
• Part time calculated as fixed term + permanent with <37.5hrs standard each week.
• Casual employee is any employee on our payroll paid an hourly rate.
• Parental leavers are included in numbers based on contracted hourly rate prior to going on leave.
• Extended leavers/workers compensation excluded.

Collective bargaining agreements

19%

406 of our people, equating to 19 percent, were on collective bargaining agreements in 13/14

Notes:
• Percentage figures calculated as number of permanent, fixed, casual and parental (by gender and location) for Fuji Xerox Australia and Upstream.
• Figures specifically exclude regional service centre employees and non-Fuji Xerox Australia payroll contingent labour who also occupy sites.
Culture and Values

We pride ourselves in offering an open, safe and respectful work environment which is flexible, diverse and provides opportunities for professional growth and personal fulfilment.

Our values underpin everything we do and are integral to the way we run our business. We care about the sustainability of our business, broader society and the environment and are proud of the culture we have created through living our values:

Customer first – we succeed through satisfied customers.

Continuous improvement – we continuously improve in all we do.

Ethics and integrity – we operate at the highest level of business ethics.

Teamwork – we achieve more together.

Memberships of associations or advocacy organisations

Global Reporting Initiative (GRI) organisational stakeholder – Fuji Xerox Australia is a GRI organisational stakeholder, and has representation on the GRI Stakeholder Council for the business constituency for Australasia.

Australia and New Zealand Recycling Platform (ANZRP) signatory with board representation – ANZRP is a not for profit, industry-run member body established to provide its members with a lean, sustainable arrangement to meet liability under the Product Stewardship legislation. Our vision is to create a community which collects, processes and safely recycles electronic waste for responsible environmental outcomes.

United Way Australia (UW) partnership – through participation on Regional Councils, Coalitions and executive mentoring, we are helping to build capacity in the not-for-profit sector and involved in shaping UW’s strategy. UW’s current priority is an early intervention program for disadvantaged communities, seeking to improve literacy, school retention and readiness for work. This relationship is integral to our company community impact focus of supporting education for disadvantaged youth in Australia and goes beyond the provision of volunteering opportunities for employees and workplace giving.

Australia-Israel Chamber of Commerce (AICC) – Fuji Xerox Australia has been an active member of the AICC for a number of years, to collectively enhance bilateral trade. The AICC’s national membership exceeds 1,000 leading Australian companies across a broad range of industry sectors.

Graphic Arts Merchants Association of Australia (GAMAA) – until recently Fuji Xerox Australia held an executive position on the GAMAA board, representing the interests of suppliers that provide goods and services to the printing and graphic media industry. We remain a significant and highly engaged member of the association and retain a very strident voice of advocacy for the betterment of the industry as a whole.

Printing Industries Association of Australia (PIAA)/Graphic Arts Services Australia (GASA) – we provide substantial “in kind” and financial support to these two vital industry groups, that represent the employment of over 35,000 people directly and more than 110,000 indirectly, who contribute more than AU$18 billion to the Australian economy.

1 Beyond routine membership.
Parentage

Fuji Xerox Australia is a wholly owned subsidiary of Fuji Xerox Asia Pacific Pte Ltd, a Singapore registered company which reports to its Japanese parent, Fuji Xerox Co Ltd. Fuji Xerox Australia has operated in Australia for 54 years. FUJIFILM Holdings Corporation is Fuji Xerox Australia’s ultimate parent company owning 75 percent of Fuji Xerox Co Ltd’s shares, with Xerox Corporation (US) owning the remaining 25 percent.
Our business (continued)

Governance

Strategic direction is agreed between Fuji Xerox Australia and Fuji Xerox Asia Pacific Pte Ltd as part of our medium-range planning process. Operational direction for the business is agreed within an annual operating plan that is developed with Fuji Xerox Asia Pacific Pte Ltd guidelines and agreed prior to the commencement of our financial year.

Our constitution and the communication matrix between Fuji Xerox Asia Pacific Pte Ltd and our organisation govern the powers of the board of directors and management respectively. Fuji Xerox Australia’s board of directors includes our chief executive officer, chief financial officer and president and general managers from Fuji Xerox Asia Pacific Pte Ltd and Fuji Xerox Co Ltd.

In March 2014 the Fuji Xerox Australia business underwent a major restructure and transformation of the operating model, moving to five groups:

- Sales and Marketing
- Customer Operations
- Finance and Technology
- People and Culture
- Governance, Risk and Assurance.

More information regarding each of these groups and the rationale for this change is set out in the ‘Transforming our business’ section of the report.

Operational control is led through the office of the chief executive officer (CEO) and supported by the executive leadership team (ELT), which is made up of executives from the respective groups. The ELT meets formally on a monthly basis, but will meet throughout the month in response to particular issues.

Fuji Xerox Australia’s two critical governance committees are the risk committee, which oversees the health of enterprise risk management, and the enterprise project and investment committee, which approves all projects and capital expenditure over $500,000 or those involving a material change to Fuji Xerox Australia’s systems.

The new Governance, Risk and Assurance group has been formed with the view to enabling the business to improve accountability and performance, take the right risks and become both more agile and resilient in an increasingly challenging external environment.

### Governance, Risk and Assurance Group

**Structure and focus**

<table>
<thead>
<tr>
<th>Governance Risk and Assurance</th>
<th>Primary role and responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal</td>
<td>Corporate legal services and transactional advice and support.</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Sustainability programs including sustainability report and community initiatives.</td>
</tr>
<tr>
<td>Governance</td>
<td>Operating model clarity, enterprise policy/ procedure, delegations framework and strategy framework tools and support.</td>
</tr>
<tr>
<td>Risk</td>
<td>Enterprise risk management framework, including risk and incident reporting and business continuity management frameworks.</td>
</tr>
<tr>
<td>Compliance</td>
<td>Enterprise compliance framework, including health and safety, environmental management systems, information security, privacy and trade practices.</td>
</tr>
<tr>
<td>Assurance</td>
<td>Independent assurance on the effectiveness of risk, control and governance through risk based internal audit plan.</td>
</tr>
</tbody>
</table>
Fuji Xerox Australia has a business ethics policy and a policy statement which set our expectation of all employees to meet high standards of ethics, integrity and behaviour. All employees sign the policy statement acknowledging their understanding and commitment to our policy. Our code of conduct is produced by Fuji Xerox Co Ltd.

Ethics and integrity

Performace update for last year and 14/15 objectives

Goverment outlook

Leverage best practice governance frameworks to improve organisational accountability and performance while building a resilient business that delivers on the expectations of stakeholders.

13/14 objectives

<table>
<thead>
<tr>
<th>13/14 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review and consolidate current policy and process documentation into one set of organisational policies and end-to-end processes that are centrally authorised, controlled and stored.</td>
</tr>
<tr>
<td>How did we do?</td>
</tr>
<tr>
<td>The existing policies, procedures and material process documents were identified in the year under review. However, the work to consolidate these into one set of organisational governance policies and processes did not start until June 2014. We will adopt a phased approach in relation to this project to accommodate major projects such as the enterprise resource planning implementation.</td>
</tr>
</tbody>
</table>

| Implement new Voice of Customer (VOC) system; align and review feedback with other VOC programs being undertaken. |
| First Net Angel Rating survey conducted, achieving a rating of 12 percent. |

| Ensure findings from the audit of our quality management system are addressed in the risk framework. |
| Audit findings (including quality audits) will be shared with the risk function and the risk committee. |

14/15 Objectives

Governance and risk:

- develop an integrated framework for policy, procedure and delegations of authority
- review key policies, procedures and delegations and establish a phased timeline for other policy, procedure and delegations based upon materiality and the impact of other projects
- provide communications and training to support the enterprise risk management framework in key areas of focus
- refresh the Fuji Xerox Australia corporate risk profile
- launch new incident management process.

Compliance:

- develop a consolidated compliance program for all of Fuji Xerox Australia’s activities

Assurance:

- develop integrated risk-based assurance plan
Risk management

Fuji Xerox Australia has developed its risk management policy, procedure and guidelines, which outline:

- our general commitment to embedding good practice risk management into all strategic planning and management processes
- process to identify and manage risk
- criteria for assessing risk, including the evaluation of controls
- procedures for using risk registers to capture and communicate risks
- guidance on the acceptability, documentation and reporting of risks
- roles and responsibilities of executives, management, all staff and the risk management committee.

Over the next 12 months we will be communicating and embedding these practices so we are able to make better decisions and build a more resilient business.

Performance update for last year and 14/15 objectives

<table>
<thead>
<tr>
<th>Risk outlook</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish an effective risk management framework.</td>
<td>✔ Our risk management policy, procedure and guidelines have been created and adopted by the risk committee. However, we decided to postpone the associated training and process implementation until the company restructure was announced and new roles and responsibilities established.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13/14 objectives</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Finalise our new risk policy and management procedure.</td>
<td>✔ Our risk management policy, procedure and guidelines have been created and adopted by the risk committee. However, we decided to postpone the associated training and process implementation until the company restructure was announced and new roles and responsibilities established.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Establish a risk management committee.</th>
<th>✔ Committee has been established.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review the top corporate risks identified in previous profiling exercise and bring them into our formal planning and review processes.</td>
<td>✗ Postponed till the company restructure had taken shape and related roles and responsibilities were known.</td>
</tr>
<tr>
<td>Identify appropriate risk champions across the business that will assist in improving risk management capability.</td>
<td>✴ Key stakeholders have been identified. However, in many cases engagement with them is just commencing.</td>
</tr>
</tbody>
</table>

14/15 Objectives

See Governance objectives above.
Sustainability strategy and stakeholder engagement

Our parent company, Fuji Xerox Co Ltd headquartered in Japan, sets the sustainability strategy and Fuji Xerox Asia Pacific Pte Ltd in Singapore provides policy, guidance and targets on environmental and social programs ranging from electronic waste to carbon and community engagement.

How we achieve those targets and how we can work beyond compliance on matters that concern local stakeholders is at Fuji Xerox Australia’s discretion. Our chief executive officer is committed to building a sustainable Fuji Xerox Australia and has ultimate responsibility for our sustainability performance. There is clear leadership recognition that we are accountable to stakeholders not only for business results but also for our social contribution and environmental impact.

Fuji Xerox Australia identified its stakeholders for engagement through an internal workshop based on the AccountAbility Stakeholder Engagement Standard (AASES1000).

To listen and respond to our stakeholders’ concerns as effectively as possible, we are still developing the formal mechanisms that will capture all relevant views. This is illustrated in our stakeholder engagement framework.

As in many organisations, embedding sustainability into the way we plan, manage and measure our business remains a challenge and requires continual refinement. Our goal is to integrate the voice of stakeholders into what we call the strategic rhythm of the business.

’Solutions’ by Jeremy Ong, Trainer, Finance and Technology Group, Sydney
## Sustainability strategy and stakeholder engagement (continued)

<table>
<thead>
<tr>
<th>Stakeholder engagement mechanisms</th>
<th>Inform</th>
<th>Consult</th>
<th>Involve</th>
<th>Collaborate</th>
<th>Empower</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fuji Xerox Co Ltd</strong></td>
<td>Annual sustainability report; biannual environmental report.</td>
<td>Annual CSR survey; input to annual materiality process.</td>
<td>Regional CSR committee.</td>
<td>Regional CSR workshops.</td>
<td>Environmental and community strategy and goal setting; product and solutions development and innovation.</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>Annual sustainability report; corporate communications; online training modules for induction and as revised; recruitment website; health and safety resources and training.</td>
<td>Annual employee engagement survey; community engagement survey as part of strategy review; health and safety committees; input to annual materiality process.</td>
<td>Employee engagement focus groups post employee engagement survey.</td>
<td>Employee engagement working group; environmental coordinators annual workshop; community champions network and annual workshop.</td>
<td>Inclusivity steering committee.</td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td>Annual sustainability report; environmental brochures; web developments.</td>
<td>Bi-annual customer surveys; sustainability presentations; win/loss reviews; input to annual materiality process.</td>
<td>Social media (live chat); customer round tables; bids and tenders process.</td>
<td>Product and solutions innovations e.g. sustainability on site service centres.</td>
<td></td>
</tr>
<tr>
<td><strong>Dealers</strong></td>
<td>Annual sustainability report.</td>
<td>Dealer sustainability program survey; input to annual materiality process.</td>
<td>Dealer principals, sales and sustainability champions conferences; dealer sustainability webinars.</td>
<td>Dealer sustainability champions network and workshop.</td>
<td></td>
</tr>
<tr>
<td><strong>Suppliers</strong></td>
<td>Annual sustainability report; procurement policy; supplier sustainability code of conduct; supplier portal on corporate website.</td>
<td>Input to annual materiality process.</td>
<td>Strategic procurement events.</td>
<td>Strategic supplier quarterly reviews.</td>
<td></td>
</tr>
<tr>
<td><strong>Industry</strong></td>
<td>Annual sustainability report.</td>
<td>Input to annual materiality process.</td>
<td>Signatory to Australia and New Zealand Recycling Platform Limited (ANZRP) and board representation.</td>
<td>Signatory to Australia and New Zealand Recycling Platform Limited (ANZRP) and board representation.</td>
<td></td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td>Annual sustainability report; E-waste reporting via ANZRP; Synthetic greenhouse gas reporting for the Department of Environment; Workplace Gender Equity Agency reporting; policy feedback.</td>
<td>National Carbon Offset Standard certification; input to annual materiality process.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Community</strong></td>
<td>Annual sustainability report.</td>
<td>Input to annual materiality process.</td>
<td></td>
<td>Community programs and skilled volunteering; graduate projects; United Way and ABCN partnerships.</td>
<td></td>
</tr>
<tr>
<td><strong>Environmental</strong></td>
<td>Annual sustainability report.</td>
<td>Policy development; input to annual materiality process; Forest Stewardship Council (FSC) member and certified printer with annual audit of paper chain of custody and approvals on use of FSC logo.</td>
<td>Australian Packaging Covenant signatory.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Our materiality process

The way we identify our material issues is based on the AccountAbility AA1000 Assurance Standard and Global Reporting Initiative reporting principles. This rigour helps us to systematically consider our stakeholders’ voices. We use AccountAbility’s five-part materiality test, which seeks to identify and prioritise sustainability-related issues.

The sources of data are categorised as those related to our stakeholders’ voices and those related to Fuji Xerox Australia’s voice. Using social research software to analyse the inputs, our external consultant produces a material matters matrix based on the frequency with which a matter is referenced within the various stakeholder sources.

The output of this process is a list of material matters, with a description of why and how it is material for our stakeholders, and a draft materiality matrix. We then undertake an internal sense check before inviting proxy stakeholders, made up of a suitable range of people from across the business, to a prioritisation workshop. The purpose of the workshop is:

- to share the voices of stakeholders
- collaboratively agree the identified material matters are sound
- collapse any overlapping matters together and/or identify gaps
- map the boundaries for the material matters.

Five-part materiality test

<table>
<thead>
<tr>
<th>Direct financial impacts</th>
<th>Policy-related performance</th>
<th>Organisational peer-based norms</th>
<th>Stakeholder behaviour and concerns</th>
<th>Societal norms</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Material – of interest to at least three stakeholder sources out of 10 and at least one Fuji Xerox Australia source out of three.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) High stakeholder interest – of interest to at least four stakeholder sources out of ten.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) High interest for Fuji Xerox Australia – of interest to at least two Fuji Xerox Australia sources out of three.</td>
<td></td>
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</tbody>
</table>

Content analysis conducted

Used social research software to analyse stakeholder inputs. A qualitative methodology was used to ensure the context of and relationship between sustainability issues is captured.

Draft issues identified

Produced a material issues register based on:
- Frequency with which an issue was referenced by the various stakeholder sources.
- Spread of interest in any given issue across the stakeholder sources.
- Classification of each issue as either material, of high stakeholder interest, of high interest to Fuji Xerox Australia or none of these.

Issues sense checked and revised

Conducted a formal sense-check of the draft results to:
- Test and challenge the results.
- Ensure issues make sense in the context of the organisation.
- Enable relevant/appropriate labelling of issues.

Issues prioritised, mapped and validated

We worked with a cross section of our employee base to:
- Review, challenge and validate the draft results.
- Help prioritise Fuji Xerox Australia’s issues according to their impact on stakeholders.
- Develop new stakeholder impact maps for material matters.
Our materiality process (continued)

The workshop concluded the materiality process. In 13/14 we added two additional steps to incorporate insights gained from our work with stakeholders into the business:

- shared stakeholder insights with the relevant material matter owners in the business so that they understand more deeply the nature of the matter as a possible input to their ongoing strategies and plans.
- engaged our executive general manager for governance, risk and assurance in the process, with the view to inform the enterprise risk register and enhance the risk committee’s understanding of stakeholder concerns that could be a risk or opportunity to the business.

As a result of the materiality process we have focused our 2014 sustainability report on the six material matters identified in the above right quadrant of the matrix, working towards greater relevance and brevity, and a disciplined and well-defined materiality process was essential to defining our report content.

Matters indicated as high stakeholder interest, not making it into the top right quadrant are touched on lightly in this report and we are tailoring communications with associated stakeholders to share more granular detail. These matters are still of great importance to Fuji Xerox Australia. From our prioritisation workshop it was felt they did not come across as material, as our management of these matters is seen as mature. With this, they would not have been raised by voices of the business with as much frequency as other matters deemed more critical to the business in 13/14.

Protecting individual privacy was flagged as highly important to the business due to new legislative requirements that were being addressed in the reporting period.

2014 material matters

The following symbols indicate which stakeholder groups raised the material matters:

- Investing in communities and society
- Advocating end of life product stewardship
- Increasing print efficiency and minimising waste
- Increasing energy efficiency and reducing carbon emissions
- Marketing sustainability to strengthen brand
- Becoming customer centric and enabling customer financial sustainability†
- Ensuring business viability and transforming our business model
- Attracting talent & providing training to enable transformation
- Ensuring health, wellbeing & safety
- Fostering a culture of respect & diversity
- Procuring responsibly
- Protecting individual privacy

† The current economic climate and increased cost pressures have brought a clear focus on supporting customer financial sustainability and linking environmentally sustainable solutions with the bottom line i.e. cost savings.
Material matters

‘Retain’ by Mangesh Ambetkar, Usability Consultant, Sales and Marketing Group, Sydney
Defining, communicating and executing our strategy to ensure business viability and to transform our business model. Clear and consistent direction from our leadership team, a focus on the most critical ‘pain points’, and communicating our strategy to stakeholders to build confidence in our response to current challenges is at the heart of this matter. Page 20

Procuring responsibly refers to the importance for businesses, including Fuji Xerox Australia, to have a sustainable, responsible and ethical approach to procurement. This issue is one of increasing importance and interest from various stakeholders, particularly with regard to sound labour practices and health and safety, as well as in the context of increasing outsourcing. An emerging topic raised relates to conflict minerals. Page 26

Material matters overview

1. Transforming our business

Delivering greater levels of service, consultation and sustainable solutions that are relevant to our customers, or customised solutions to provide them with a competitive advantage in their markets. The current economic climate and increased cost pressures bring a focus on financial sustainability and on linking (environmentally) sustainable solutions with the bottom line. Page 22

2. Focusing on what matters most

This issue remains high on the radar for our business and our stakeholders and includes consideration of mental wellbeing due to work-life balance and rapid internal changes as a result of our business transformation. Page 40

6. Health and wellbeing

Fostering a culture of respect, anti-bullying and diversity. This includes increased references to anti-bullying and diversity as a result of the release of new government guidelines. Page 36

5. Cultural harmony

Fostering a culture of respect, anti-bullying and diversity. This includes increased references to anti-bullying and diversity as a result of the release of new government guidelines. Page 36

4. Talented people

Attracting the right talent and build on existing capability to enable our business transformation and to better manage the current organisational change. This is in the context of an already challenging talent recruitment environment. Page 32

3. Procuring responsibly

Procuring responsibly refers to the importance for businesses, including Fuji Xerox Australia, to have a sustainable, responsible and ethical approach to procurement. This issue is one of increasing importance and interest from various stakeholders, particularly with regard to sound labour practices and health and safety, as well as in the context of increasing outsourcing. An emerging topic raised relates to conflict minerals. Page 26
Transforming our business

Defining, communicating and executing strategy to ensure business viability and to transform our business model.

With over 54 years of experience in the Australian market, we have grown in the last decade from AU$400 million in 1999 to about AU$1 billion in revenue today. We have transformed as the market has evolved and our customers’ needs have changed. This has resulted in consistent growth and maintenance of our market-leading position.

Today our industry is facing some big challenges as a result of changing market trends such as declining print volumes, commoditisation, decreasing margins and the megatrend of digitisation.

Despite these challenges, we aim to improve our profitability and create sustainable growth and financial stability for the long term. We are evolving to meet our customers’ rapidly changing needs for end-to-end solutions that will help them reduce costs and allow them to focus on their customers.

Taking the lead for growth

Our strategy follows Fuji Xerox Co Ltd’s direction of providing value with services, volume with technology, and transforming our business and our cost structure for the next stage of growth.

Our critical business drivers are to:

- transform our sales organisation into a services-led solutions business
- aggressively grow our communications and business process outsourcing market
- identify new lines of business to meet the emerging opportunities in the digital economy
- optimise our business model to increase productivity and efficiency.

Our project team consists of dedicated, seconded resources from across the business as well as external integration consultants to ensure all aspects of the migration are considered, including maintaining our focus on being easy to do business with.

As our customers request solutions that integrate and streamline their business processes, our supporting information systems need to be agile enough to support a changing business model.

This work provides a flexible platform to meet dynamic market needs in an efficient and productive way.

It will improve the quality of our business information, increase transparency and enhance decision making across the enterprise, and supporting a more aligned organisation with Fuji Xerox Australia and the Fuji Xerox Asia Pacific operating region.
Material matter: 1 Transforming our business (continued)

Delivering on our strategy

Our aim is to be easy and enjoyable to do business with.

To ensure delivery of our strategy we will be focused on:

- having a clear and consistent direction that comes from the top
- following through on targets and commitments and focusing on a few vital initiatives
- communicating our strategy to our employees, channel partners and our customers to build confidence in our response to current challenges.

In 13/14 we reviewed our organisational structure and in April we began implementing the simplified structure comprising five functional groups, aligned to our strategic imperatives of customer centricity, organisational alignment and business viability. This new structure will enable us to become more nimble, offer industry best services-led solutions and to streamline operations. Moreover, starting the 14/15 financial year under the new structure allows us to more effectively manage these changes with our people and our customers.

A robust communications plan is underway to culturally embed the strategic imperatives with our people and to share them with external stakeholders.

We are implementing a shared service structure to achieve operational efficiency and centralised vendor management and procurement for better control.

Our simplified management structure will also allow us to focus on critical business drivers and foster greater accountability across the organisation.

Business performance

The Australian economy was generally flat in 13/14. The downside impacts of a tailing-off in business activity in the mining states have been partially offset by the better performance of the larger, more traditional economies of New South Wales and Victoria.

Greater economic stability expected as a result of an incoming Coalition government has not been fully realised, with Australian states experiencing mixed levels of growth.

Market conditions are similar to those of the previous year, with commoditisation and increasing competition in a flat market.

This will require our business to innovate and expand its delivery of services and solutions, using appropriate systems and processes.

Fuji Xerox Australia achieved consolidated revenues of about AU$1 billion in 13/14. This represented a 3 percent decrease on the prior year.

The group’s total asset position remained steady at AU$1.5 billion. The balance sheet remains robust, and low gearing will ensure our ability to access funds to grow our business despite tough market conditions.

Business performance outlook

Optimise our current business, maximise return on current technology solutions, invest in new services and go to market, while delivering sustainable financial returns.

13/14 objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grow revenue by 8 percent, delivering a return on sales of 12 percent.</td>
<td>X We experienced a decrease of 3 percent.</td>
</tr>
</tbody>
</table>

14/15 Objectives

- Achieve greater than AU$1 billion in revenue.
- Grow revenue from services and solutions to 50% of total revenue.

2 Fuji Xerox Australia discloses financial figures based on publicly available Australian statutory accounts. It follows direction from Fuji Xerox Co Ltd on financial disclosures in accordance with a directive from FUJIFILM Holdings Corporation. For financial information reported by Fuji Xerox Co Ltd, please see www.fujixerox.com/eng/company/profile/finance
Focusing on what matters most

Australian business needs are rapidly maturing in relation to technology and related services and Fuji Xerox Australia has been evolving its approach to market based on those changes.

Mature technology services buyers are now expecting greater levels of service, consultation and solutions that are relevant to their specific industry requirements, or customised solutions to provide them with a competitive advantage in their markets.

In the current economic climate and with increased cost pressures, a focus on financial sustainability is critically important. This brings with it a need to link environmentally sustainable solutions for our customers with the bottom line.

We are committed to understanding our customers’ needs and delivering on our promise. Through our products, services and solutions we are able to deliver value to our customers’ bottom line and drive environmental benefits through Green Print technologies and services, sustainable paper supplies including new NCOS carbon neutral certified products and optimised print environments.

We have supplemented current business practices with new ways of understanding our customers’ evolving needs, incorporating this intelligence into business improvement activities and leveraging our understanding to inform go-to-market strategies.

This is engaging our people in thinking like our customers, so they know what matters most, ensuring we meet the expectations of customers and that we are easy to do business with.

Stakeholder impact map: Customer centricity

There are impacts inside and outside our organisation, with the greatest impact on our customers.

Heritage Bank – banking on a better document system

With origins that go back to 1875, Heritage is now the largest customer-owned bank in Australia, and is still headquartered in Toowoomba, with branches covering southern Queensland.

Central to Heritage’s success is its customer service, but maintaining that advantage was tested by systems that had not kept up with technology. A new document handling system to improve its internal loan application processes was needed. The bank also wanted to improve productivity for its staff, delivering a more streamlined service to clients and cutting costs by replacing ageing machines with multifunction devices.

The bank’s branches had multiple machines from numerous manufacturers, which contributed to inefficient practices and high running costs.

“It was an interesting tender because we had several incumbent vendors. There were a couple of things about the Fuji Xerox Business Centre tender. One was its professionalism, and the other was the quality of the machines, and the quality of the service that was proposed. It offered a better fleet of better machines, and a better service standard helped to make changes to the fleet.” – David Johnston, Business Process Manager, Heritage Bank

Benefits included:

- estimated savings of AU$350,000 per year through reduced paper consumption, and reduced costs to print and fax
- productivity gains of approximately AU$70,000 a year
- reduced energy costs of approximately AU$10,000 per year
- greater reliability from centralised management service provided by Fuji Xerox Business Centre in Toowoomba
- improved document workflow without having to change the back-end system
- savings in time and resources and reduced operating costs.

It was a big change for bank staff, but welcomed by all, and Heritage Bank customers now enjoy faster service and expect more competitive products.
Listening to our customers

Last year we overhauled our customer satisfaction feedback process with a view to establishing a contemporary voice of customer approach and driving continuous improvements based on customer feedback. Fuji Xerox Australia’s first Net Angel Result (NAR) survey was undertaken, establishing a new benchmark for the business, and will now be measured twice annually.

The NAR indicates the likelihood of customers recommending us to others. The score ranges from -100 percent to +100 percent, with a positive score being the higher likelihood of a recommendation. An average score is also presented which is a simple mean average of all the ratings customers have given us – indicating our general overall performance. NAR removes the ambivalent from the equation providing a clearer indication of how willing customers are to recommend us, hence our primary focus on the NAR.

Other studies, such as the competitive benchmarking outlined below, indicate Fuji Xerox Australia has been consistently outperforming its major competitors for several years. However, the NAR program has been introduced to more proactively improve our customers’ experiences.

The survey returned an NAR of 12 percent and an average score of 7.6\(^3\). We have performed particularly well in terms of timeliness, knowledge/skill and communication with most customers. However, the survey indicates inconsistencies in these areas with some of our customers. In 14/15 financial year we’re aiming for 20 percent plus.

Now that we have some experience with the NAR program we will also look to increase survey participation rate and conduct greater analysis by market sectors.

In 14/15 the two key areas driving improvement in Upstream’s rating were service delivery and account management.

Fifty percent of responses said that good service had a positive impact on their organisation. In relation to account management, responsiveness, and prompt and professional interactions helped improve customer relationships. The survey highlighted increased focus is required in toner management and customers are seeking further account management engagement.

Our Upstream Print Solutions (Upstream) business has conducted its NAR program for a number of years and runs it independently of Fuji Xerox Australia. Upstream has seen continuous improvement year-over-year.

The survey was sent out to a broad cross-section of 2,098 Fuji Xerox Australia customers, and 779 customers responded, a 37 percent response rate.

Upstream invited 1,084 customers to participate and received 405 responses, also resulting in a response rate of 37 percent.
Competitive benchmarking

The competitive benchmarking survey measures overall satisfaction and loyalty with our office customers in relation to three major competitors. This survey is managed by our parent company across a number of markets.

In 13/14 Fuji Xerox Asia Pacific Pte Ltd reviewed the methodology to try to remove some of the year-on-year distortions seen across multiple markets, with suppliers experiencing unexplained shifts up and down in some areas of the study.

Fuji Xerox is the market-leading brand in Australia based on all metrics tracked. Additional insights from the survey highlight that to grow our lead we need to continue to leverage our strong brand image and focus on improving our customers’ value perception.

Loyalty Index for Fuji Xerox Australia

<table>
<thead>
<tr>
<th></th>
<th>11/12</th>
<th>12/13</th>
<th>13/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall satisfaction (%)</td>
<td>92</td>
<td>80</td>
<td>79</td>
</tr>
<tr>
<td>Likelihood to repurchase (%)</td>
<td>89</td>
<td>76</td>
<td>70</td>
</tr>
<tr>
<td>Loyalty index (%)</td>
<td>78</td>
<td>67</td>
<td>70</td>
</tr>
<tr>
<td>Product quality</td>
<td>84%</td>
<td>90%</td>
<td>91%</td>
</tr>
<tr>
<td>Service support – Service engineers¹</td>
<td>90%</td>
<td>88%</td>
<td>92%</td>
</tr>
<tr>
<td>Service support – Support centre¹</td>
<td>NA</td>
<td>NA</td>
<td>87%</td>
</tr>
<tr>
<td>Sales support</td>
<td>86%</td>
<td>67%</td>
<td>80%</td>
</tr>
<tr>
<td>Billing/invoicing</td>
<td>87%</td>
<td>77%</td>
<td>86%</td>
</tr>
<tr>
<td>Value perception</td>
<td>87%</td>
<td>64%</td>
<td>78%</td>
</tr>
<tr>
<td>Brand image</td>
<td>93%</td>
<td>82%</td>
<td>86%</td>
</tr>
</tbody>
</table>

¹ Note that Service Support in 2012 was split into Service Engineer and Support Centre in 2013. Question on Price / Value in 2012 was revised in 2013.

Sustainability on Site for Fuji Xerox Global Services

The Sustainability on Site (SOS) program was developed to extend best-practice service centre environmental management to our high volume on-site customer service centres, of which we have 49 nationally. The program’s objective is to support our customers’ sustainability through responsible and efficient practices, services and solutions. The pilot phase has involved seven service centres and produced some really encouraging results through the energy and waste programs, delivering both environmental and bottom-line benefits:

• Electricity monitoring over a two-week period demonstrated a new closing procedure enabled one site to reduce electricity consumption by about 30 percent over two weeks. The closing procedure helps identify and eliminate standby electricity use.

• The recycling rates measured over one month resulted in a 94 percent diversion rate from landfill. This was achieved through basic waste segregation programs, improved signage and employee education.

The SOS program has also helped increase the knowledge and use of certified sustainable paper stocks. Using sustainable paper products ensures our customers are investing in a supply chain that practices sustainable forestry – resulting in better social, economic and environmental outcomes for communities involved in paper production.

The program has been integrated into the Global Services delivery model and all client services managers briefed. A supporting online training module has been developed and a broader roll out to all sites is intended for 14/15.
### Customer experience outlook

Our aim is to transform our organisation into a customer-centric one.

#### Performance against last year’s objectives and FY14 objectives

<table>
<thead>
<tr>
<th>13/14 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement Think Like a Customer workshops.</td>
<td>✔️ We had 858 of our employees participate in workshops to think like their customers. This approach was also incorporated into sales training over the year. Workshops and elements from these will continue to be used in employee training programs where appropriate.</td>
</tr>
<tr>
<td>Implement new approach to Voice of Customer.</td>
<td>☻ First Net Angel Rating survey conducted, achieving a rating of 12 percent.</td>
</tr>
<tr>
<td>Implement new continuous improvement approach.</td>
<td>✔️ Three workshops were conducted and improvement projects put in place to address areas of customer dissatisfaction.</td>
</tr>
<tr>
<td>Implement our Sustainability on Site program into all Global Services customer sites.</td>
<td>☼ Program has been integrated into the Global Services delivery model and all client services managers briefed. Online training module has been developed and program is being rolled out to all sites in 14/15.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>14/15 Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Complete current state analysis of customer centricity program.</td>
</tr>
<tr>
<td>• Executive agreement of roadmap for customer centricity.</td>
</tr>
<tr>
<td>• All Global Services customer sites to achieve minimum Sustainability on Site – level 1 (emerging) in 14/15.</td>
</tr>
</tbody>
</table>

### Customer satisfaction outlook

- Formally listen and respond to the voice of customers in all segments.
- Improve customer loyalty and advocacy in all market segments so that we become a partner of choice.

#### Performance against last year’s objectives and FY14 objectives

<table>
<thead>
<tr>
<th>13/14 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve 70 percent loyalty in competitive benchmarking survey.</td>
<td>✔️ 70 percent loyalty in competitive benchmark survey achieved.</td>
</tr>
<tr>
<td>Customer satisfaction meeting review — all state offices to evolve the intent, purpose and approach of these meetings to reflect voice of customer and improve customer experience.</td>
<td>✔️ All states implemented changes to their customer satisfaction meetings in 2013/14.</td>
</tr>
<tr>
<td>Complaints and compliments — implement a new system for management of customer complaints and compliments to provide enhanced and real time reporting to the business.</td>
<td>✔️ New system went live in June 2014.</td>
</tr>
<tr>
<td>Implement new survey process to collect and react to our customer feedback. Program being rolled out across all divisions, to create a new net angel rating for the business.</td>
<td>✔️ Completed first survey in August 2013 and established a baseline Net Angel Result of 12 percent for Fuji Xerox Australia.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>14/15 Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Achieve 20 percent-plus Net Angel Result for Fuji Xerox Australia.</td>
</tr>
<tr>
<td>• Achieve 25 percent-plus Net Angel Result for Upstream Print Solutions.</td>
</tr>
<tr>
<td>• Achieve 70 percent customer loyalty rating in competitive benchmark survey.</td>
</tr>
</tbody>
</table>
Procuring responsibly

The relevance of responsible procurement is heightened as we outsource more and more business activities. In particular, our local stakeholders want to know about our suppliers' labour practices, especially with regard to health and safety, and how we are responding to the complex problem of conflict minerals much further down the levels of our supply chain.

The Fuji Xerox Australia approach to sustainable supply chain management is based on the ten principles of the UN Global Compact to which Fuji Xerox Co Ltd is a signatory and is incorporated into our supporting policies and new supplier evaluation documents. In seeking compliance with these standards we hope to extend the ones by which we operate throughout our supply chain.

We seek suppliers who share our commitment to internationally recognised standards and appropriate codes of practice, looking for best practice and continuous improvement in:

- ethical business practices
- management practices that respect the rights of all employees and the community
- environmental management
- occupational health and safety.

Fuji Xerox Co Ltd introduced a focus on ethical procurement in 2007, viewing suppliers as business partners with the aim of building mutually beneficial relationships. China accounts for about 90 percent of Fuji Xerox Co Ltd's manufacturing output, so ethical procurement has been led by procurement departments in China. Since 2012 procurement personnel have been trained to conduct supply chain checks during supplier visits. This complements a self-checklist provided to suppliers that is verified by Fuji Xerox Co Ltd in-house auditors. Advice is then provided to suppliers to make the required improvements.

With regard to conflict minerals, Fuji Xerox Co Ltd's policy is to avoid, directly or indirectly, being involved with conflict or abuse of human rights. In 12/13 work was undertaken to establish a policy on conflict minerals and promote traceability audits of minerals in procured items. Any partner found through audits to have used conflict minerals will be asked to rectify their practices. The investigation of conflict minerals with suppliers is based on the Electronic Industry Citizenship Coalition (EICC) – Global e-Sustainability Initiative approach.

For more on Fuji Xerox Co Ltd’s ethical procurement approach and developments see Fuji Xerox Co Ltd’s sustainability report.
Our supply chain

In the 13/14 reporting period 57.3 percent of our procurement expenditure, equating to about AUD$580 million, was on equipment, supplies and consumables from Fuji Xerox Co Ltd and related entities within the region, making this spend the most significant aspect of our supply chain.

The largest components of the remaining spend can be grouped into the following categories:

- inbound freight
- local ground transportation and associated warehouse logistics operations
- third-party-sourced direct/trade spend categories such as equipment and paper for our Supplies division
- third-party hardware and software solutions for our customers
- indirect spend including IT, travel and contingent labour resources.

Logistics procurement

In 13/14, in conjunction with Fuji Xerox Co Ltd and Fuji Xerox Asia Pacific Pte Ltd, Fuji Xerox Australia applied the Fuji Xerox Logistics Corporate Social Responsibility program to tier-one supply chain providers. This covered areas of international freight, warehousing and domestic equipment transport. All achieved compliance levels more than the required 90 percent compliance threshold.

Managing carbon with our logistics providers

Carbon remains the environmental impact focus with our logistics suppliers, both internationally and locally. Enhanced forecasting and inventory planning, as well as modal shifts from air to sea freight, are key management strategies to achieve cost and carbon efficiency with international freight. However, circumstances within the supply chain mean that air freight will always be a component in the transport mix. In 13/14 the air freight to sea freight split was 4.1 percent to 95.9 percent, a 1.5 percent improvement on 12/13.

Local versus international spend based on top 100 suppliers

- 57% Intergroup: Fuji Xerox Co Ltd and related entities
- 20% Australian owned companies
- 22% Australian branch of a foreign owned company
- 1% Foreign owned company

Top 100 spend is 88 percent of total spend\(^1\).

\(^1\) Upstream spend was not included in this analysis as they use a different accounts payable system and spend would not be material.

Fuji Xerox Australia logistics carbon emissions summary

- Import – Air
- Import – Sea
- Inland distribution^1
- Export

<table>
<thead>
<tr>
<th></th>
<th>13/14^</th>
<th>12/13^</th>
<th>11/12(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import – Air</td>
<td>4,571</td>
<td>4,392</td>
<td>6,966</td>
</tr>
<tr>
<td>Import – Sea</td>
<td>1,620</td>
<td>1,586</td>
<td>1,598</td>
</tr>
<tr>
<td>Inland distribution</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Export</td>
<td>1,586</td>
<td>1,607</td>
<td>1,464</td>
</tr>
</tbody>
</table>

\(^1\) 11/12 was adversely impacted by the Japan East earthquake and floods in Thailand
^ Carbon emissions (quoted in tonnes) have been restated due to database anomaly identified during the assurance process
Responsible procurement in our domestic supply chain

In the past year we invested in a team of procurement professionals and revised our procurement policy, process and guidelines to drive a uniform approach when engaging and assessing the suitability of third-party providers. This helped us identify and understand our material risks within the supply chain for the coming year.

No standardised screening process or tracking system was in place to manage all new suppliers in 13/14. During the reporting period we focused on early process adoption and management of a number of significant supplier engagements. Of specific note was the work undertaken with DHL Supply Chain (DHL), a new contract engagement, and Sims Recycling Service and Close the Loop, which were contract renegotiations. Much of this work was focused on the environmental and labour aspects of these contracts and scope of works.

While these were early pilots of the model, they represent some of our most significant risk and materiality areas. The outcome of these engagements has been very positive and positions us well for full deployment in 14/15.

By the end of this year we plan to implement new Oracle modules, which will enforce no purchase order, no pay principles and mandate a formalised model for procurement. This will drive earlier engagement and facilitate upfront supplier evaluation prior to financial commitments being made, leading to more effective supply chain management.

Making a change to third party logistics

Historically Fuji Xerox Australia has spent a considerable amount of resources and funding developing a domestic transport capability. As we look to enhance this capability in line with global best practice, we have identified inconsistencies in customer service delivery and a lack of visibility to our operations, which has impaired our ability to drive supply chain improvements.

In April 2014 we engaged DHL as our lead logistics provider (LLP) to manage all domestic freight operations. This will consolidate our supplier base of more than 15 major suppliers plus many smaller ones, and DHL will take on a lead role, collaborating with a more select number of suppliers to help with the nationwide task of delivering Fuji Xerox products to customers.

This will give us flexibility to meet changing market requirements and our customers’ needs for increasing speed to market.

Other benefits expected from this relationship include:

- more accurate reporting and track and trace systems
- access to a modern fleet of vehicles and transportation techniques, with freight loads and runs being optimised, equating to:
  - more timely delivery for our customers
  - fewer trucks on the road and fuel consumed – delivering cost and environmental benefits
- ensuring responsible labour practices are in place, with a strong focus on health and safety.

With the aim of shifting to a best practice transportation service to uphold our promise to our customers, we were also mindful of the impact these decisions could have on some of our existing suppliers. We undertook a lengthy communications process with them to allow them to plan and prepare for the change. Having signed the agreement with DHL in April, our aim is to transition to the new services structure by the end of September 2014.
Ensuring zero waste-to-landfill from products collected at end-of-life

Sims Recycling Service has been a service provider to Fuji Xerox Australia since its Sydney e-waste processing facility opened in 2009. From this time we have worked closely to ensure resource recovery rates above 99.5 percent by mass were achieved to meet our zero waste-to-landfill goal set by Fuji Xerox Co Ltd. During 2014 a new contract was negotiated which provided the opportunity to formalise broader supplier performance and service level expectations.

Actions taken to improve the agreement include provisions for greater transparency on quality, security, environmental and labour related matters.

These included:
- specific key performance indicators for service levels
- regular reporting
- chain of custody based on input mass
- recycling certificates to assist Fuji Xerox Australia meet legislative reporting requirements
- controls on subcontractors and outsourcing in Australia and with overseas downstream partners
- regular auditing of facilities and processes.

Material matters 3: Procuring responsibly (continued)

Ensuring zero waste-to-landfill from products collected at end-of-life

Sims Recycling Service has been a service provider to Fuji Xerox Australia since its Sydney e-waste processing facility opened in 2009. From this time we have worked closely to ensure resource recovery rates above 99.5 percent by mass were achieved to meet our zero waste-to-landfill goal set by Fuji Xerox Co Ltd. During 2014 a new contract was negotiated which provided the opportunity to formalise broader supplier performance and service level expectations.

Actions taken to improve the agreement include provisions for greater transparency on quality, security, environmental and labour related matters.

These included:
- specific key performance indicators for service levels
- regular reporting
- chain of custody based on input mass
- recycling certificates to assist Fuji Xerox Australia meet legislative reporting requirements
- controls on subcontractors and outsourcing in Australia and with overseas downstream partners
- regular auditing of facilities and processes.

Responsible paper procurement

Fuji Xerox Australia’s Supplies division sources office products for our customers, with office papers making up 80 percent of sales revenue for the division.

Our paper supplies primarily come from three mills in China, equating to 87 percent of volume. While these mill relationships are managed on a day-to-day basis with mill representatives in Australia, our Supplies division’s executive general manager is a member of the Fuji Xerox South East Asia paper procurement steering committee.

This group meets with strategic mill partners, undertaking site audit visits where compliance to standards, including our sustainable paper procurement policy, is reviewed.

Four new mill suppliers, equating to 26 percent of our paper supplier base, were engaged during the 13/14 period.

All mills complete an annual environmental questionnaire, are required to meet ISO 9001 and ISO 14001 requirements and are monitored for compliance with our labour standards, which includes aspects relating to child labour.

If non-compliance is discovered in mill reviews, rectification measures are agreed. If requirements are not met we will terminate the relationship. Rectification and audits would be required to reinstate any mill once this has occurred. In 13/14 all 18 mills were compliant.

100 percent of all papers sold to our Australian customers were FSC certified, PEFC certified, FSC carbon neutral or made from recycled materials.

Paper supplies 13/14

100%
In 13/14 we transitioned our leading paper ranges for the corporate market, our Performer and Business products, to the Australian Federal Government National Carbon Offset Standard (NCOS). Our 100 percent recycled Green Wrap range will join the NCOS certified ranks shortly, while our remaining paper ranges will continue on the NoCO2 certification with the Carbon Reduction Institute.

"Fuji Xerox Australia’s range of FSC certified papers provides Officeworks with assurance that we are offering our customers paper from sustainably managed forests or certified recycled sources. The certification also aligns with our position to source forestry products that go beyond legality." Lok-Man Shu, National Sustainability Manager, Officeworks

Material matters 3: Procuring responsibly (continued)

Performance against last year’s objectives and FY14 objectives

<table>
<thead>
<tr>
<th>Procuring responsibly outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure environmental, social and governance standards are applied through the corporate procurement framework.</td>
</tr>
</tbody>
</table>

13/14 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔ Following the appointment of our new head of procurement in August 2013, a detailed review of the current spend, policy and procedures was completed. Our procurement policy and process guidelines were updated to reflect the focus on this critical area.</td>
</tr>
<tr>
<td>✔ Our new procurement policy and process guidelines were reviewed by key stakeholders, signed off by our executive leadership team and communicated to the business.</td>
</tr>
</tbody>
</table>

Inform the new corporate procurement strategy to ensure our external compliance requirements and our customers’ requirements are met by our suppliers.

14/15 Objectives

- Eighty percent of existing supplier expenditure to be reviewed and signed off against our supplier sustainability code of conduct.
- Establish new supplier portal on the Fuji Xerox Australia corporate website.
- Deploy Oracle system as the enterprise resource planning tool, facilitating 100 percent upfront screening of new suppliers prior to order placements.

‘Growth’ by Harsh Lakhotia, Solutions Analyst, Customer Operations Group, Brisbane
### Outlook on managing carbon with logistics suppliers

Create cost and carbon efficiencies in our logistics supply chain while delivering on customer expectations.

<table>
<thead>
<tr>
<th>13/14 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>In conjunction with Fuji Xerox Co Ltd and Fuji Xerox Asia Pacific Pte Ltd, apply the Fuji Xerox Logistics Corporate Social Responsibility program for tier one suppliers.</td>
<td>✔ Achieved compliance levels in excess of the required 90 percent compliance threshold.</td>
</tr>
<tr>
<td>Implementation of a sales and operations planning process and improved forecasting tools to allow a reduction in inbound air freight.</td>
<td>✔ Implementation in latter half of 13/14, with use of inbound being more aligned to strategic business imperatives. Total air volume decreased by 1.5 percent over prior year.</td>
</tr>
<tr>
<td>Implementation of internal dashboards for inventory planners, benchmarking the air/sea freight ordering split, improving visibility and reporting of import shipments.</td>
<td>✔ Dashboard implemented with improved inventory outcomes around service delivery and stock holding value.</td>
</tr>
<tr>
<td>Implementation of the lead logistics provider model and associated data control tower, allowing improved visibility of vehicle utilisation and access to the most fuel efficient delivery vehicles.</td>
<td>✔ Lead logistics provider selected and aim is to transition to the new services structure by the end of September 2014.</td>
</tr>
<tr>
<td>Improving emissions reporting to more accurately reflect actual emissions and the impact of initiatives undertaken.</td>
<td>✔ The supply chain emissions reporting model was audited by Net Balance, with emission factors being updated and more robust data verification implemented.</td>
</tr>
</tbody>
</table>

### 14/15 Objectives

- Operational implementation of lead logistics provider services structure.
- Achieve 5 percent cost saving and allied carbon emissions reduction in domestic transport.
- Implement consumables project to increase efficiency of consumables delivery and reduce waste.

### Outlook for responsible paper procurement

- Source both recycled and virgin paper from certified sources.
- Assess paper suppliers’ sustainability credentials and establish a path for continuous improvement.
- Develop resources and implement communication strategies so we can act as a trusted advisor to clients on responsible paper sourcing.

<table>
<thead>
<tr>
<th>13/14 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 percent of paper supplies sold to be FSC/PEFC certified, recycled or carbon neutral stocks.</td>
<td>✔ All office paper supplies now FSC or PEFC certified, recycled or carbon neutral stocks.</td>
</tr>
</tbody>
</table>
| Adopt NCOS standard for leading paper ranges in the corporate market. | ✔ The following paper stocks are now NCOS certified:  
  - Performer  
  - Business Digital  
  - Greenwrap Pure (in final stages)  
  - Greenwrap Premium (in final stages). |
| Extend FSC certified carbon neutral paper range to include digital and recycled stocks. | ✔ Ranges now FSC carbon neutral:  
  - Digital Coated and Uncoated  
  - Recycled Digital Coated. |
| Work with mill partners to establish a collaborative process for continuous improvement in supplier standards where opportunities are identified. | ✔ Supplies division has been working with mill partners on continuous improvement for the benefit of both parties. |

### 14/15 Objectives

- Increased awareness and understanding of our people, customers and consumers of the benefits of carbon neutral programs and their importance to the global environment.
- Increase our range of FSC carbon neutral paper stocks to larger sheet size papers for the graphic communications production print market.

| Met | In progress | Not met |
Talented people

Attracting talent and providing training to enable our business transformation

As the global economy starts to recover from a period of low hiring activity, it is acknowledged in business and among executives that the war for talent is again on the rise. Attracting the right talent is vital for business continuity and to create competitive advantage. To enable delivery of our business strategies in this challenging talent climate, Fuji Xerox Australia will build and maintain a quality pipeline of talent using attraction strategies and effective channels to enable us to quickly identify appropriately qualified candidates.

The world of business is evolving faster than ever before. Developments in new technology, availability of vast amounts of information, the need for connectivity, the rise of new industries and changing consumer demands are forcing businesses to adapt quickly. This calls for new and changing employee capabilities. We acknowledge that to be agile and responsive to the needs of the market, we need to transform our business into a services-led solutions business, acquire new talent and develop the capabilities of our existing workforce to deliver on our business transformation. This also calls for a strong focus from our leadership team and people managers to be effective change agents, supporting our people and engaging them in the organisational change we are going through.

Recruitment transformation project

A recruitment transformation project is underway that will see us use the equity in our corporate and employment brand along with social media, mobility and analytics to attract the right candidates direct from the market. The project has involved:

• centralising all recruitment activity to a team of senior recruitment consultants
• developing an employee value proposition
• building a new company careers website and LinkedIn careers site
• publishing ‘Join Us’ ads on employees’ LinkedIn pages
• running brand campaigns on LinkedIn to encourage people to follow us to refer market vacancies to them
• enabling sophisticated searches by various demographics including geography, industry, experience, company size and education through LinkedIn recruiter licenses
• implementing recruitment technology to maintain a talent pool.

Expected benefits from this initiative include:

• increased quality of hire and resulting improved retention rates
• improved employer brand to attract appropriately skilled and culturally aligned applicants
• improved candidate and hiring manager experience through streamlined recruitment processes
• significant cost savings due to reduced recruitment agency fees and cost of turnover
• improved metrics and analytics to measure activity and drive continuous improvement; e.g. source analysis – where we are getting best results in sourcing candidates, which will drive investment decisions around advertising.

The project has been run under the governance of our project management office. A benefits realisation study will be undertaken for the first full year of activity to evaluate the effectiveness of the management approach and to ensure the project has delivered on its estimated financial, business process improvement and candidate experience benefits. Adjustments to the model will be made where appropriate.
Enabling our business transformation

Building employee capability was a focus for our People and Culture group in 13/14. During this period we conducted a comprehensive review of our existing curriculum in line with our business imperatives and as a result introduced some new learning and development programs and reviewed a number of existing ones.

We use a variety of mechanisms to evaluate the effectiveness of these activities including internal and external customer feedback surveys, data analytics and metrics such as attirion rates, time to recruit and performance metrics. These are reviewed on a regular basis and revised as necessary.

Our key areas of focus in 13/14:

1. Performance development: ensuring our people leaders have the ability to conduct quality performance conversations with their teams. We piloted a program, Straight Talk – Conversations for Success.

2. Change leadership: we launched the Leading People through Change program, designed for people who lead teams undergoing significant change. This followed a review of our Management to Leadership program, which identified the need to focus on leadership during times of change. In 13/14 approximately 200 employees, primarily managers, took part in the program. Feedback indicates managers have a much better understanding of their role as change leaders and have the tools to effectively lead people through change. All new managers and those who could not attend this training last year will be scheduled to attend in 14/15.

3. Senior leadership capability: in September 2013 we introduced the senior leadership framework to our executive leadership team (ELT) and high potential group. This framework clearly articulates the expectations and can guide the individual development plans of our senior leaders.

4. High potential identification and development: in August 2013 we launched the Best on Board program. Twelve individuals were identified to participate in it based on their potential to move into senior leader positions. They participated in a series of learning events designed to develop their personal leadership as well as critical business skills such as strategy development to accelerate their growth as leaders. An indicator of the program’s success is that five of the 12 participants assumed roles of higher responsibility as a result of the profile and exposure they received from participating. We plan to socialise this framework more broadly over the next financial year.

5. Sales training: we undertook extensive sales training in 13/14, with a major focus on new products and solutions to support our transition to a services-led solutions business. As part of our company restructure, responsibility for our Sales Academy moved from our Customer Solutions Sales division to our People and Culture group. A new sales capability strategy has been developed and in 14/15 we will start executing on the competency training required and review the organisation design to build sales capability.

Our learning management system did not capture all of the training undertaken across the business in 13/14. However, the diagram below provides an overview of the training curriculum. We are currently developing an organisation-wide view of training to assist us in measuring and assessing the return on our investment.

Performance review figures exclude Upstream employees whose performance reviews are currently managed independently by Upstream. We are progressively incorporating Upstream into the Fuji Xerox Australia sustainability report and performance metrics.
### Fuji Xerox Australia’s training curriculum in 13/14

<table>
<thead>
<tr>
<th><strong>People leaders</strong></th>
<th><strong>All employees</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Leading People through Change program (2 days)</td>
<td>Project management fundamentals (2 days)</td>
</tr>
<tr>
<td>Aims to build the agility and adaptability in people leaders by building their understanding of what they need to know, do and be throughout the change process.</td>
<td>Provides comprehensive coverage of project management.</td>
</tr>
<tr>
<td>Managers’ program (2 days)</td>
<td>1 program with 15 participants</td>
</tr>
<tr>
<td>Gives managers and insight to the role they play in shaping the organisational culture and outlines their responsibilities as a manager of people.</td>
<td></td>
</tr>
<tr>
<td>Straight talk – Conversations for Success (2 days)</td>
<td></td>
</tr>
<tr>
<td>Provides people leaders with the skills to have effective performance conversations.</td>
<td></td>
</tr>
<tr>
<td>Frontline management Certificate IV in Business (9 days)</td>
<td></td>
</tr>
<tr>
<td>Gives managers the knowledge and skills to achieve better performance at the operational level.</td>
<td></td>
</tr>
<tr>
<td>14 programs and a total of 249 participants</td>
<td></td>
</tr>
<tr>
<td>3 programs and a total of 45 participants</td>
<td></td>
</tr>
<tr>
<td>1 pilot program with 13 participants</td>
<td></td>
</tr>
<tr>
<td>1 program with 16 participants</td>
<td></td>
</tr>
</tbody>
</table>

| **High Potential – Best on Board (BOB)** | |
| 3 day personal leadership residential program | |
| Strategy workshops | |
| BOB presentation to executive leadership team | |
| Group coaching | |
| Diversity at Fuji Xerox Australia | |
| Storytelling workshop | |
| Life Styles Inventory survey and debrief | |
| 1:1 coaching | |
| 12 participants in the BOB program | |

| **Graduate Program** | |
| Program management (2 days) | |
| Campus to corporate workshop (half day) | |
| Self awareness and impact on others (1 day) | |
| Presentation skills (2 days) | |
| Collaboration and feedback (1.5 days) | |
| Executive presentation coaching (1 day) | |
| Special projects | |
| Mentoring | |

| **Segmented Learning** | |
| Global Services | |
| Provides certificate level training in various areas for Managed Services Operation site employees. | |
| Delivered 35,250 hours of training with a total 300 participants | |
| Sales Academy | |
| A suite of training programs for sales employees. | |
| Education Services | |
| Provides product training to our engineers as well as customers. | |
| Delivered over 5,600 hours of training | |
We also have two initiatives that assist employees in managing career endings:

1. Transition to retirement policy
   Australia has an ageing workforce. To address this we have a transition to retirement policy that gives our mature workforce options when they are considering retirement. They are able to request flexible work arrangements that allow them to gradually transition into fulltime retirement, keeping them active and supporting their wellbeing. This arrangement aids the retention and transfer of knowledge and skills from mature experienced employees to the new workforce and improves our capacity for succession and workforce planning.

2. Outplacement support program
   In the event that a position is made redundant and we are unable to offer a suitable redeployment opportunity to the affected individual, we offer impacted employees the opportunity to participate in an outplacement support program. This aids the individuals involved with the emotions of the change and the impact it may have on them personally, as well as providing guidance on resume writing, interview skills and job search options.

Performance against last year’s objectives and FY14 objectives

<table>
<thead>
<tr>
<th>Our people outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>We aim to deliver a customer-centric culture through high performance, best-in-class talent and inspirational leadership while creating and sustaining a great place to work.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13/14 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue focus on manager capability improvement with launch of Manager’s Essentials guide.</td>
<td>Piloted Straight Talk – Conversations for Success, designed to build the capability of managers to have quality performance conversations with their teams. Full roll-out of program to commence shortly.</td>
</tr>
<tr>
<td>Implement our centralised recruitment function including our employee value proposition.</td>
<td>Internal recruitment team up and running, e-recruitment system implemented.</td>
</tr>
<tr>
<td>Target improvement in overall employee engagement to 63 percent.</td>
<td>Engagement survey postponed till October 2014. Plan is to now run the survey in an 18-month timeframe.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>14/15 Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Execute competency training and review the organisation design to build sales capability.</td>
</tr>
<tr>
<td>Recruitment team to be operational.</td>
</tr>
<tr>
<td>Employee engagement achievement of 63 percent.</td>
</tr>
</tbody>
</table>
Cultural harmony

Fostering a culture of respect, anti-bullying and diversity

All individuals have the right to work in an environment that is positive, fulfilling and free of discrimination or harassment. We take this seriously and believe diversity is good for business.

New government legislative and reporting requirements have placed greater scrutiny on what Fuji Xerox Australia is doing to address workplace bullying and gender equality in particular.

For the first time organisations are required to report to the Workplace Gender Equity Agency (WGEA) on six gender quality indicators specified in the Act. The WGEA mandate brings with it significant implications for organisations if deemed to be noncompliant, including the inability to hold government contracts.

In January 2014 the Fair Work Act 2009 (Cth) was amended to include new workplace bullying laws, recognising that work provides Australians with a sense of dignity and workplace bullying is a hidden problem which affects an employee’s worth of self and value. It is estimated that workplace bullying costs the Australian economy between AU$6 billion and AU$36 billion every year. It costs employers an average of AU$17,000 to AU$24,000 per claim.

Workplace relations

Fuji Xerox Australia wants to attract, develop and retain talented individuals who bring with them different experiences, knowledge, ideas, perspectives and leadership styles. This requires us to have a culture of inclusion in which all individuals feel respected, are treated fairly, supported through different life events and have an opportunity to excel in their chosen careers.

Contact officers are in place as another point of contact for people who believe they have a grievance or workplace relations issue and do not wish to discuss the matter with their direct manager. Contact officers are trained to provide their co-workers with confidential information and impartial support and guidance regarding workplace relations issues. They provide employees with someone else to talk to at the self-resolution or assisted resolution stage.

Fuji Xerox Australia also provides an employee assistance program with skilled professionals on hand to assist our people in dealing with issues for work and non-work related matters impacting them.

In January 2014 external consultants provided on-site training for our people and culture and health and safety teams, sharing guiding principles for handling grievances and conducting reviews of our policies and procedures for grievance resolution, unsatisfactory performance and conduct, harassment, bullying and discrimination policy, and equal employment opportunity policy.

This year, we will continue to grow our peoples’ skills and knowledge in relation to mental health issues impacting workers, so that responsible management action is taken in a reasonable and timely manner. We realise it can be confronting and stressful for everyone involved, so our aim is to ensure we gain perspective on the issue and help address the matter to an appropriate resolution.

During 13/14 we had no judgments of discrimination made against Fuji Xerox Australia or any of our employees. Any complaints from employees, including those from complainants alleging incidents of discrimination, were treated seriously, and a rigorous process followed to determine the facts and take appropriate action.

Stakeholder impact map: Cultural harmony

There are impacts inside and outside our organisation, with the greatest impact on our employees.

Greatest impact

Fuji Xerox Asia Pacific Pte Ltd Singapore
Fuji Xerox Co Ltd Japan
Fuji Xerox Australia
Employees Australia
Employees’ families and community Australia

Sphere of control

Sphere of influence

‘Align’ by Harsh Lakhotia, Solution Analyst, Customer Operations Group, Brisbane
Influential CEOs

An influential group of CEOs from Australia’s biggest companies is also driving to advance women in business – putting pressure on suppliers to prove they have a commitment to diversity.

The Male Champions of Change group of 21 CEOs announced about 14 organisations have signed up to a supplier commitment, which will affect about AU$30 billion in procurement spending by organisations such as: ANZ Banking Group, Commonwealth Bank of Australia, Telstra, Qantas, ASX, Woolworths, IBM Australia, Citi Australia and Federal Treasury.

Gender diversity

A key diversity challenge which our business is currently addressing relates to gender. We have an inclusivity steering committee made up of representatives from our people and culture team and key decision makers, including our chief executive officer. There are five members of the committee:
- three women and two men
- two members 30-50 years old and three members over 50.

The inclusivity steering committee meets quarterly and is responsible for setting the diversity strategy, direction and activities.

In 13/14 we built our diversity strategy, developing a program for women in middle management roles, and ensuring that we are recruiting new female talent. Other achievements include:
- introduction of 12 weeks paid parental leave
- piloting a flexible work policy and practices within two of our divisions, with a broader roll-out to the business now planned for 14/15
- revising diversity reporting in line with the WEGA requirements for 13/14.

In 14/15 we will pilot our Women in Leadership mentoring and network program.

Women represent 19 percent of our managers and 26 percent of our senior managers nationally. In 13/14 we increased the overall mix of women employed in the business from 30 percent to 31 percent. With the Australian workplace average being 48 percent, we have room for improvement.

Material matters 5: Cultural harmony (continued)

Notes on data:
- Full time calculated as fixed term + permanent with =>37.5hrs standard each week.
- Part time calculated as fixed term + permanent with <37.5hrs standard each week.
- Casual employee is any employee on FXA payroll paid an hourly rate.
- Parental leavers included in numbers based on contracted hourly rate prior to going on leave.
- Extended leavers/workers comp excluded.

<table>
<thead>
<tr>
<th>Workforce by gender</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Males</td>
</tr>
<tr>
<td>Females</td>
</tr>
</tbody>
</table>

Notes on data:
- Full time calculated as fixed term + permanent with =>37.5hrs standard each week.
- Part time calculated as fixed term + permanent with <37.5hrs standard each week.
- Casual employee is any employee on FXA payroll paid an hourly rate.
- Parental leavers included in numbers based on contracted hourly rate prior to going on leave.
- Extended leavers/workers comp excluded.
Equal remuneration

Women in Fuji Xerox Australia currently earn a lower fixed remuneration package than men. Analysis shows this is the case across a number of levels of the organisational hierarchy. We conducted a remuneration analysis in 12/13, looking into the salary differences between genders and their position in relation to the market. The major finding was that women did not hold many higher paid roles in the company and that in most cases employees were paid in line with market rates. In 14/15 we will again conduct a remuneration analysis to identify whether the root cause of differences is as a result of gender pay imbalances for similar roles and/or lack of women in senior and higher paid positions, or whether the anomaly is caused by comparison with a job family that has different functions.

Workforce by gender and remuneration ratio

**Percentage of workforce by gender and job family and remuneration ratio**

<table>
<thead>
<tr>
<th>Job families</th>
<th>Percentage of workforce by gender</th>
<th>Remuneration ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Women</td>
<td>Men</td>
</tr>
<tr>
<td>Senior managers</td>
<td>26%</td>
<td>74%</td>
</tr>
<tr>
<td>Managers</td>
<td>19%</td>
<td>81%</td>
</tr>
<tr>
<td>Team leaders</td>
<td>23%</td>
<td>77%</td>
</tr>
<tr>
<td>Sales employees</td>
<td>24%</td>
<td>76%</td>
</tr>
<tr>
<td>Technical employees</td>
<td>12%</td>
<td>88%</td>
</tr>
<tr>
<td>Functional employees</td>
<td>42%</td>
<td>58%</td>
</tr>
<tr>
<td>Administrative employees</td>
<td>82%</td>
<td>18%</td>
</tr>
<tr>
<td>Vocational employees</td>
<td>32%</td>
<td>68%</td>
</tr>
<tr>
<td>Percentage of total workforce</td>
<td>31%</td>
<td>69%</td>
</tr>
</tbody>
</table>

Ratios were calculated on average total fixed remuneration by job family for permanent, fixed-term and parental leave employees.

Figures exclude casual employees, regional support centre employees and extended leave employees who do not have an expected return date.
Anti-bullying measures

In 13/14 our health and safety team and people and culture team were briefed on the status of workplace bullying due to the onset of dual regulation on workplace bullying as a workplace health and safety and employment law issue. This was to ensure we have an effective bullying framework in place to manage the challenge of workplace bullying and to best deal with any situations that may arise in the workplace.

An appropriate anti-bullying framework has been established with policies updated and training for managers scheduled, along with updated induction packages for workers and contractors.

Our social media policy was reviewed and released to all workers, as it is important that workers are reminded inappropriate behaviour via social media is not tolerated and may be a breach of their employment contract.

We ensured we have appropriate systems in place for raising complaints so they are addressed promptly, either informally or formally as may be required. We have a documented issues resolution procedure and we encourage all employees to raise any issue so that the appropriate resolve can be actioned in a timely manner.

In 14/15 we will roll out our updated Respect e-learning module which has also been revised to incorporate legislative changes.

Performance against last year’s objectives and FY14 objectives

<table>
<thead>
<tr>
<th>Our people outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>We aim to deliver a customer-centric culture through high performance, best-in-class talent and inspirational leadership, while creating and sustaining a great place to work.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13/14 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revise diversity reporting in line with the Workplace Gender Equality Agency requirements for 13/14.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>🟢 At the time of writing this report we were in the process of reporting to the WGEA using the new reporting format.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>14/15 Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Roll out Women in Leadership program pilot for 30 women in middle-management positions.</td>
</tr>
<tr>
<td>• Ensure there is at least one woman on each recruitment shortlist when recruiting managerial roles.</td>
</tr>
<tr>
<td>• Achieve 30 percent female representation in managerial roles.</td>
</tr>
<tr>
<td>• Roll out to all employees the updated Respect program incorporating legislation changes.</td>
</tr>
</tbody>
</table>

✔ Met 🚫 In progress ❌ Not met
Health and wellbeing

Ensuring health, wellbeing and safety at work

It is our duty to provide a working environment that fosters health, wellbeing and safety and to be transparent in our management practices and track record. It is also in the interest of our business to have happy and healthy people who can contribute to our growth and provide a great customer experience.

A growing issue in Australian society and workplaces is mental health. We understand that the restructuring of our business over the past year could lead to additional pressures on our people. As such, we are ensuring they are well supported, and have a workplace that supports their physical and mental wellbeing.

Supporting our people

Fuji Xerox Australia has a comprehensive health and safety management system aligned to Work Health and Safety legislation. A risk management approach addresses the specific risk profiles of roles and we collaborate with our people, our customers and our suppliers on mitigation strategies.

We have established and trained 19 health and safety committees, who represent our workforce nationally. Committees meet regularly, holding monthly or bi-monthly meetings, depending on site requirements. Consultation and communication ensure our workers have access to information on health and safety matters affecting their division, site or team.

All workers are encouraged to report any hazard, incident, injury or near miss within an hour, so that appropriate reviews and controls can be implemented in a timely manner.

We have a proactive return to work process for employees who have suffered a workplace injury or illness. Consultation with key stakeholders is undertaken throughout the lifecycle of the workers compensation process. Our injury management program is continually reviewed and updated in accordance with legislation and regulatory bodies. We meet regularly with our insurer to review strategies, opportunities to enhance rehabilitation and claims costs so as to assist our workers with a proactive rehabilitation and to identify prospects to improve return to work timeframes.

Revised and new training packages were released in 13/14 to address risk around manual handling, ergonomics in the office environment, managing fatigue and driver safety. As our risk profile is behavioural, we will continue to build a culture of safety awareness and responsibility with our people, as individuals and as part of their team.

Stakeholder impact map: Health and wellbeing

There are impacts inside and outside our organisation, with the greatest impact on our employees.

- Greatest impact
A healthy workplace

With the issue of mental health in the workplace on the rise, members of our health and safety and people and culture teams, attended training in 13/14 to improve their knowledge and skills to promote and protect employee mental health.

With a great deal of change happening in our business, which will continue in the year ahead, our people managers participated in a two day program on how to lead our people through change. Change leadership conversations are known to contribute to about 80 percent of the success of any change, so this was approached with everyone’s wellbeing in mind.

Management were also encouraged to participate in skill building sessions to ensure employees who may be put at risk by changes in the workplace are given helpful information and training before the changes occur, and also the necessary supervision in the transition.

Our strong focus on continuous improvement and improved safety culture is reflected in our lost time injury frequency rate reducing considerably over the past four years to 1.25 in 13/14 against a plan of 5.

Our workers compensation claims outcomes have also significantly reduced in the reporting period as we proactively support our people to return to safe and sustainable work following an injury. This helped our people and reduced costs to the business.
Material matters 6: Health and wellbeing (continued)

Performance against last year’s objectives and FY14 objectives

<table>
<thead>
<tr>
<th>Health and safety outlook</th>
<th>13/14 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Embed a wellbeing culture that fosters improved health and safety practices.</td>
<td>Roll out modular health and safety training with initial focus on addressing and improving outcomes in manual handling, fatigue management and ergonomics.</td>
<td>✔ We released new training packages including manual handling, ergonomics and working safely in the office environment, driver road safety, fatigue; and updated our online contractor induction program.</td>
</tr>
<tr>
<td>• Implement effective systems, processes and tools to address health and safety risks and associated injuries.</td>
<td>Support operational effectiveness and review incident and injury management with a view to improving our case management system.</td>
<td>✔ In 13/14 we had 34 workers compensation claims lodged with only 7 claims requiring return to work assistance at year end.</td>
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<tr>
<td></td>
<td></td>
<td>• No complex medical claims in reporting period.</td>
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<td></td>
<td></td>
<td>• LTIFR was 1.25 against a plan of 5</td>
</tr>
<tr>
<td></td>
<td>Agree an incident and injuries problem solving methodology and provide toolset training and specific safety expertise where needed across the business.</td>
<td>✔ All incidents, including near misses, are investigated.</td>
</tr>
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<td></td>
<td></td>
<td>• Corrective action is determined to address the root cause and corrective actions are tracked to completion.</td>
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<td></td>
<td></td>
<td>• Monthly safety reports are provided to executives, management and safety committee members, gaps are identified and controls and improvements are implemented to prevent future occurrences.</td>
</tr>
</tbody>
</table>

14/15 Objectives

• Improve mental health awareness and support:
  – review and update policy and procedures
  – raise awareness to reduce any stigma, working with management, workers and their treating practitioners to assist with sustainable return to work
  – build skills and resilience within our health and safety and people and culture teams, through courses and awareness seminars on mental health matters
  – facilitate access to psychological support services by establishing a network of skilled professionals and through our employee assistance program

• Establish a quarterly phone hook up with safety committee chairpersons and our health and safety team to discuss workplace health and safety trends, behavioural incidents and ideas for improvement.
Other highlights from 13/14

‘Simplicity’ by Mangesh Ambetkar, Usability Consultant, Sales and Marketing Group, Sydney
Other highlights from 13/14

Improvements to our environmental footprint

**Carbon emissions reduction**

- 13 percent improvement in carbon emissions over prior year
- 47 percent reduction in waste sent to landfill over prior year, now achieving 89 percent diversion of waste to landfill
- Fuji Xerox Australia’s Supplies Division received the Australian Packaging Covenant High Performers Award for the highest annual reporting score, Small-Medium Communications and Electronics category, recognising our commitment to sustainable packaging and leadership in working with our suppliers to identify new sources of packaging innovation.

- Achieved a Five Star Green Star – office interior (V1.1) rating from the Green Building Council of Australia for our Eco Manufacturing Centre office fitout, which represents Australian excellence in environmentally sustainable building practices.

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8 Based on new carbon intensity target for percentage improvement per FTE.

9 Australian Packaging Covenant (APC) partnership was established by our Supplies Division so was classified as a small to medium business. We will look to realign our membership to accurately reflect the size of our business as packaging initiatives have expanded across our broader business.
Community investment

Volunteering to nurture future generations

3,412 hours

- Community investment of $506,412
- 3,412 hours volunteered to nurture future generations
- A review of our community engagement strategy and plan was undertaken, resulting in a new ambition to help educate 20,000 children across 20 disadvantaged communities by 2020.
- How:
  - through a collaborative approach with key community and education partners
  - tapping into the best of Fuji Xerox Australia – our people, products, services and solutions
  - creating opportunities for more of our people to get involved
  - identifying possibilities to engage customers, channel partners and our suppliers.

Product stewardship

Waste to landfill

0 waste

- Zero waste to landfill from products and consumables collected from our customers
- Total product stewardship end-of-life recapture was 3,870 tonnes
- Mass of remanufactured parts for reuse up 43 percent to 280 tonnes. An outcome of 12 months of research and development and new remanufacturing programs.
- Mass of recycled materials up 10 percent 3,577 tonnes

‘Sustainable’ by Youssef Bilal, Global Services Delivery Model Program Lead, Customer Operations Group, Melbourne
Independent Assurance Statement

Fuji Xerox Australia Pty Ltd (Fuji Xerox Australia) engaged us to provide limited assurance over selected information from Fuji Xerox Australia’s 2014 sustainability report for the year ended 31 March 2014.

ASSURANCE SCOPE

Our assurance covers the following information:

- G4 – PR5 (page 23): Net Angel Rating (NAR), a customer satisfaction measure
- G4 – EC9 (page 27): Local versus international spend based on our top 100 suppliers
- G4 – EN30 (page 27): Logistics carbon emissions
- G4 – LA11 (page 33): See 1. Performance development for percentage of employee base that receives regular performance reviews by gender
- G4 – LA12 (page 37): Workforce by gender
- Report is ‘in accordance’ with GRI G4 Core Guidelines

The scope of our assurance does not extend to information in respect of earlier years or to any other information in the 2014 report.

We assessed the selected information against Fuji Xerox Australia’s reporting criteria which outlines the scope and approach used for reporting and GRI G4 Guidelines.

ASSURANCE STANDARD AND LEVEL OF ASSURANCE

We performed a limited assurance engagement in accordance with Australian Standard on Assurance Engagements ASAE 3000 Assurance Engagements other than Audits or Review of Historical Financial Information (“ASAE 3000”) issued by the Australian Auditing and Assurance Standards Board. The nature, timing and extent of evidence-gathering procedures in a limited assurance engagement are substantially reduced relative to a reasonable assurance engagement.

ASSURANCE METHODOLOGY

Net Balance’s assurance methodology consisted of evaluating the reliability of the selected information through the review of systems, processes, information and data used to support the metrics. The procedures selected depend on the auditor’s judgement, including assessment of the risks of material misstatement of the metrics prepared. In making those risk assessments consideration was given to the internal controls relevant to the calculation of the metrics.

Evidence gathering for evaluating the reliability and accuracy of metrics involved the following:

- reviewing systems, processes and controls for managing specified information
- interviewing data owners to understand the sources, reliability and completeness of data against Fuji Xerox Australia’s reporting criteria
- reviewing any significant estimates and assumptions used in the calculations
- interviewing data managers to understand the management of performance information including relevant systems
- testing a limited sample of source data against documentary evidence
- re-performing calculations for a sample of data points
- assessing the report is ‘in accordance with’ GRI G4 Core Guidelines.

OUR INDEPENDENCE

Net Balance has not had any part in calculating the metrics. Net Balance confirms that we are not aware of any issue that could impair our objectivity in relation to this assurance engagement. In conducting this assurance engagement Net Balance has met the requirements of our Independence Policy, which is designed to be at least as demanding as Parts A and B of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants. The Net Balance assurance team has the required competencies and experience to conduct this engagement.

RESPONSIBILITY

Fuji Xerox Australia was responsible for the preparation of the assured information and this statement represents the assurance provider’s independent opinion. We disclaim any assumption of responsibility for reliance on this assurance statement or on the subject matter to which it relates, to any person other than the Directors of Fuji Xerox Australia, or for any purpose other than that for which it was prepared. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

OUR CONCLUSION

Based on the procedures we performed and evidence obtained, nothing has come to our attention that indicates the selected information for the year ended 31 March 2014 has not been prepared, in all material respects, in accordance with the reporting criteria; or that the report is not fairly stated in accordance with the GRI G4 Guidelines.

On behalf of the assurance team

29 July 2014

Sydney, Australia

Simon Dawes
Net Balance
Fuji Xerox Australia is part of a world-leading enterprise supplying business and document management services. Through its broad portfolio of document technology, services, software and supplies, Fuji Xerox Australia provides essential back-office support that clears the way for customers to focus on their core business.

Having received a number of awards including the United Nations 500 Roll of Honour for environmental leadership and the Banksia Award for leading in Sustainability, Fuji Xerox Australia is widely recognised for its commitment to sustainability.

For more information visit: www.fxsustainability.com.au