“The butterfly, like the environment is both immensely fragile, amazingly resilient and we must protect both so that they do not die and we will lose all the beauty and individuality that both contain.”

Laura Davis
<table>
<thead>
<tr>
<th>CONTENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FOREWORD</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>THE DOCUMENT COMPANY</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>THE PEOPLE</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>THE ENVIRONMENT</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>APPENDICES</strong></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
About this Sustainability Report

The aim of this report is to present a balanced picture of Fuji Xerox Australia as a sustainable company. The report is structured with three sections presenting Fuji Xerox Australia: ‘The Document Company’, ‘The People’ and ‘The Environment’. Throughout the report a number of ‘highlights’ bring an emphasis to some of our activities and how they contribute to the challenge of sustainability.

The Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI) have been used as a broad reference on structure and content.

This Sustainability Report complements the Sustainability Report, produced annually by our parent company, available at www.fujixerox.co.jp/eng/

Front cover & images

We chose to involve our people in the design of our Sustainability Report. We asked our employees to submit photos from their personal collection in a competition for the front cover of the report. The response from our staff was fantastic and the submissions were so outstanding that we decided to use some of these images throughout the report.

Message from the front cover Photo Competition Winner:

“My picture ‘Reflections’ encompasses the beauties of a well balanced lifestyle either from a personal or work perspective”

Alistair Kennedy, Account Executive, Brisbane office.
Photo taken on the Cooloola Coast, Great Sandy National Park, Noosa, Queensland.

Scope of the report

This report covers all Fuji Xerox Australia Pty Limited sites and activities in Australia. It also incorporates an outline of the operations of Fuji Xerox Printers, a local branch of Fuji Xerox Company Limited, involved in the wholesale distribution of printers.

Information provided in the report covers the financial year ending 31st of March 2005. However, as this is our first Sustainability Report, we have consciously reflected on a number of activities predating the reporting period.

References

Sustainability Reporting Guidelines – Global Reporting Initiative, 2002
Sustainable development reporting, Striking the balance – World Business Council for Sustainable Development, 2002
Fuji Xerox Sustainability Report, 2003 and 2004

Report availability

We intend to produce a Sustainability Report on an annual basis.

The report is available online at www.fujixerox.com.au
Hard copies are available on request.

Contacts

We invite you to share with us your comments and thoughts on this report and on our activities.

Sustainability Team
Fuji Xerox Australia
101 Waterloo Road
Macquarie Park NSW 2113
Phone: 02 9856 5000
Fax: 02 9846 5003
Web: www.fujixerox.com.au
Email: environment@aus.fujixerox.com

Our Sustainability Team would like to thank all the people who participated in the production of this report, too many to name, the contributors, the photographers, the designers, the editors and all of those who supported this project. The release of this report wouldn’t have been possible without your precious assistance and input.
The Fuji Xerox Group is formally committed to managing its business within the limits of the world’s sustainable development capacity.

Such a commitment to sustainable development is a commitment to ‘fairness’ which is at the heart of our Group’s value set. Being fair to future generations so that what they inherit, in the way of the environment and access to resources and opportunity, is no less than that enjoyed by our current generation. This commitment to future generations is driven from the very top of our business.

In recent times Fuji Xerox Company Limited, our parent company, has invested in the development of 10,000 hectares of Eucalyptus Nitens forest in New Zealand. Intended as both a carbon sink and a resource, this initiative symbolises the depth of commitment of the group to sustainability principles. The forest has the capacity to absorb an amount of CO₂ equivalent to all of the CO₂ Fuji Xerox generates in the manufacture of product in Japan and China. Fuji Xerox has also started to harvest logs from this forest as a source of sustainable wood chip for paper making. This strategic commitment to a process that simultaneously addresses two sustainability imperatives is something of an inspiration in a world where we need to be constantly on the lookout for such opportunities.

At Fuji Xerox Australia we have long been committed to the protection of the environment and it is in respect of our actions in those areas that we have previously published a local environment report. This is our first step in reporting at a higher level, endeavouring to give an account of ourselves against the sustainable business paradigm. It is a first step and one we hope to build and improve on. As this is our first report, we have reflected on some activities that fall outside of the reporting period. We have included this to give a better insight into our current state.

The Global Reporting Initiative outline has been used as an approximate guide in the assembly of this report. In its finished form the report has provided us with a useful view of the business, one in which the complementarity of single initiatives across the business can be better appreciated. Original initiatives as diverse as quality standard compliance, our ethical standards, leadership training, our commitment to customer satisfaction and our corporate values take on an almost synergistic dimension when viewed in the holistic framework of sustainability.

Elsewhere in this report you will read of our successes during the year under review. I would make the point that in the context of sustainable development we regard such successes and the resultant profitability as highly important. It is more than a number confirming the wisdom of the shareholders that sought to entrust their savings to the business, it’s the facilitator of much that we do. Without sound profitability, options are reduced, there is pressure to protect the profit to the detriment of long term investment, whether it be in the business or the community. It is a consideration of such factors that leads us to maintain a disciplined governance framework that extends to cover our business planning and results management processes; we need to generate good consistent profits to secure the future.

We would welcome feedback on this report, whether it be complimentary or critical. Both will be useful in plotting our way forward in a world where the views of our stakeholders have to be weighed on the same scales as our need to pay a fair reward to our shareholders, the people who have invested their savings with us, trusting us as good long term managers.
The use of the word ‘sustainable’, and reports in its name, have proliferated in the last ten years. Still there is confusion, both in respect of what it means and the roles we must all play to achieve this vision.

Originally referenced in the 1987 World Commission on Environment and Development report: ‘Our Common Future’, the concept is well defined in the 1998 sustainability text ‘Cannibals with Forks’ as: “the principle of ensuring our actions today do not hurt the range of economic, social and environmental options open to future generations”.

The challenge is the enormity of the task underpinning the achievement of this vision. Tasks for countries, world agencies, governments and people. Tasks essentially to repair the neglect of ages. To address global inequality and to bring back into viable equilibrium the progressive deterioration in the world’s natural environment. In short, to ensure future generations have access to global resources and opportunities no less than those enjoyed by their forbears.

The role of corporations in this task is enormously important. Firstly, for the size of the impact that corporations or businesses have on the environment by way of their resource utilisation and emissions. Secondly, for the fact that they control so much human endeavour, which they can direct within a sustainability framework, but also through their own good practices and aspirations, empowering their employees with a sustainability vision. Clearly as a corporation our primary obligation has to be to the environment, both in terms of emissions and the efficacy of resource utilisation. Our second great challenge is to create a working entity that sits comfortably in a society committed to sustainable development.

A company that shares the values that its stakeholders require and aspire to, that is seen to be respectful in the broadest sense and an adder of value in the community in which it does business.

The directors of our parent company have focussed on a simple phrase as a metaphor to capture the values we aspire to as a business:

“Good Company – Strong, Kind and Interesting”

In developing this phrase they have sought to condense the essence of business sustainability into three simple words. ‘Strong’ in respect of profits and management; ‘Kind’ in terms of our relationship with the environment and our stakeholders; ‘Interesting’ in terms of the inspiration of the products and solutions we bring to market and the challenges we provide our employees.

Locally in Fuji Xerox Australia we have taken a more practical, less esoteric view of our commitment to sustainability. We regard it as the framework that provides deeper meaning for all that we do as a business; that it provides a framework to meaningfully accommodate a jigsaw of principles, processes and business values that we have introduced pragmatically over an extended period of time. Individually these components have added value, but it is only in viewing them as a whole that the synergies and complements between them become fully apparent.

Turning to the principles underlying our sustainability aspiration, the foundation of our commitment has always been our commitment to the protection of the environment. Through recycling, through remanufacturing, through waste minimisation and through an ordered approach to our environmental management system, these commitments are clearly evident. Equally, the work of our parent company in respect of a range of design for the environment initiatives is evidence of this commitment in the group as a whole. We think that our protection of the environment is fundamental to having the trust of the communities in which we do business and a complement to our business raison d’être.

The second leg of our vision of sustainability relates to the importance of profits. Appropriate returns for those that risk their capital in our business and profits from which we can pay taxes to support the communities in which we do business. Underpinning profits is a range of practices including sound leadership, good governance and quality processes. But profits themselves are not possible without customers and without product. The first is nurtured by our primary business value, our commitment to customer satisfaction above all other values, the second by the assurance of our parent to provide products designed to exceed the expectations of our customers. It is in support of these objectives that we regularly seek open customer feedback on our products and services and provide a disciplined framework for receiving and resolving customer queries.

The other foundations of our sustainability vision are diverse and underpin factors mentioned above. A commitment to fair dealing and high ethical standards. A desire to allow our people to develop to their full potential, to nurture potential leaders, to train, to encourage, to fairly reward all within our workforce, and above all to promote effective teamwork. A commitment to exemplary citizenship, to be law abiding, to be engaged and supportive of civil society. A commitment to ensuring the health and safety of our people and our customers. The maintenance of appropriate certifications to ensure the integrity of processes in the business, including the commitment to self inspection that such certifications require and the continual striving for improvement in all we do.

These are the factors that support the vision as we see it. We are not perfect but we are committed to continuous improvement. We welcome challenge, criticism or compliment. Our desire is to be seen as a role model of sustainable business practice.
Because we are here to help people share knowledge
Company overview

**Head office**
101 Waterloo Road
Macquarie Park NSW 2113
Phone: 02 9856 5000
Fax: 02 9856 5003
Website: www.fujixerox.com.au

**Total revenues**
AU$526 million

**Employees**
1586

**Vision**
Helping organisations to share knowledge through people and technology.

**Fuji Xerox Australia products and services**
A leader in knowledge management, Fuji Xerox Australia provides an array of solutions to maximise the use of corporate knowledge. Recognising the value of documents as the vehicle for the storage of knowledge, Fuji Xerox has developed software, services and hardware that enable organisations to capture and share knowledge in a workflow that crosses the boundaries between the paper and electronic realms.

Fuji Xerox Australia focuses on the use of documents by entities as diverse as large multinational corporations and government through to small, private offices. We offer a broad range of products including printers, scanners, copiers, fax machines, and complement this with a range of document management software solutions. Our largest printer products produce hundreds of impressions a minute, our smallest nestle on the desktop. The majority of our products are colour capable. We also sell a range of paper and supplies, for use in both our own products and those of our competitors.

The provision of service in respect of all products we sell is also a major part of our offering. More and more our lead offering to major customers is a total service offering embodying all of these components.

**Strategic direction**
Our company’s strategic direction is encapsulated in our mission statement:

“To be the unrivalled leader in providing print-based and electronic document services and solutions to Government and Business Communities – Services first.”

**The year in review**
Our revenue for the year ended 31st March 2005 has exceeded half a billion dollars for the first time, reflecting a satisfying 5% revenue growth. Growing our revenues by more than $150m over the past eight years we have cemented our position as a leading player in the graphic communications market in addition to our established role as The Document Company.

In the year under review, significant growth came from our colour products, our Global Services operations and our paper and supplies business. Sales of our office colour products grew by more than 40%, supporting a growth of over 50% in the volume of colour prints and copies produced on our office colour systems. In the production systems environment, the sale of colour systems increased by 27%, again resulting in significant increases in colour print volumes.

In the first half of the calendar year, we achieved a leadership position in most, if not all, of the key strategic markets in which we operate. This has confirmed our position as one of the market leaders and we will continue to meet and exceed our customers’ expectations to retain this position.

Our Integrated Sales Division continued to maintain our role as a supplier of choice to the ‘office’. Almost a third of all units that we ship are now colour capable, reflecting the markets realisation of the value of colour documents. This has enabled us to maintain the dominant position we have enjoyed in the Australian office colour multi functional device (MFD - copy, fax, print, scan) market for the last five years.

During the year, we launched two families of colour MFD products, targeting all segments of the market from dedicated graphic arts and quick print operators to corporate and government enterprises. Our black and white MFD business also enjoyed a buoyant year, in spite of low-growth in the black and white market. The launch of two Document Centre model ranges earlier in the year saw good growth in our low-end black and white product market share. Fuji Xerox can now offer solutions from 15 pages per minute to over 100 pages per minute to any business in Australia.

Turning to our Production Systems Business, the year under review was the fifth for our Xerox DocuColor digital colour family, in which time we have seen more than 300 units installed. Such products are at the heart of our offering to the graphic arts and printing industry. The installed base of these production colour systems has continued to grow as we build on the success of the DocuColor 2060 and 6060 with the DocuColor 8000. The latter product has met with a great reception from our customers as the first digital colour press with a 2400 dpi print resolution in the Australian market place.
Corporate profile

Our flagship digital press, the Xerox iGen3 has continued its successful run. We have installed six systems to date with several more to follow within the next few months, with a continued measured approach to ensure their successful integration into our customers’ businesses. We have also seen strong growth with our recently launched DocuTech 180 Highlight Colour Digital Press. Its main application is transactional documents, with the capability to increase the effectiveness of personalised communication through ‘spot’ colour. This technology is particularly effective where the customer does not wish to move to full colour digital output.

During the year we released the Nuvera range of monochrome production printers, receiving ready acceptance from customers who have long utilised our DocuTech and DocuPrint products and who have sought the advantage of the next generation in black and white print quality and flexibility. In the ‘light’ production space, we also launched the Document Centre 900 and 1100 products, printing at 90 and 110 pages per minute respectively. Both of these products have performed well beyond expectations. The benefits offered by these products include a small footprint, high print quality, stock flexibility and a range of finishing options at an attractive price point. The 1100 received particular acclaim with its recent 5-star rating from the prestigious Buyers Laboratory Inc.

Another key growth area in our business, Fuji Xerox Global Services continued its growth. Specialising in the provision of on site document management services, we continued to position these services as our lead offering to our major customers. For the fifth year in a row, revenue growth from this business area has exceeded 50%, with the main growth coming from the Document Supply Chain Services, Xerox Office Services, Imaging Services and Business Process Outsourcing service offerings of this business.

In the words of Philip Chambers, our Managing Director, “2005 was a very good year for us. In a buoyant market, overall revenue growth increased with a strong performance from our three strategic growth areas of the business – our office multifunction colour devices, our production services offerings as well as our Fuji Xerox Global Services operations”.

“Out of respect for the local indigenous people at Uluru and their traditions regarding this great monument, the only thing I took away were photos and wonderful memories. Hopefully, in my own small way, this attitude helps sustain the fragile land we live in.”

Iain Barnfield
As a group, Fuji Xerox has had a long commitment to quality evidenced very early on by receipt of the Baldridge and Demming awards in the 80s and early 90s. Our Australian commitment to quality began with initial training of our staff in the tools of quality occurring as early as 1984. Initially we achieved certification under AS 9000, in 1992 for our head office and in 1993 for all other sites. Our current certification, of all our locations, to ISO 9001 is fundamentally important in assuring us of the integrity of our systems framework which supports our commitment to strive to consistently service our customers in a manner that exceeds their reasonable requirements. Our quality certification is currently audited by SAI-Global.

Although we have maintained environmental management programs for decades, the group started to follow the ISO 14001 model for Environmental Management System (EMS) as soon as the international standard was issued in 1996. Our manufacturing plants were the first to implement such environmental management systems, achieving significant results in energy and resources consumption improvement, waste management and hazardous substances control, managing both our inputs and outputs.

Part of our environmental management strategy has involved seeking ISO 14001 certification as an assurance of the efficacy of our system.

In Australia, we have achieved the ISO 14001 certification for all 17 sites, starting with our principal Supply Chain Operations site and our Eco Manufacturing Centre in 1999 and 2000, followed by a Group Certification in 2003 for all our sites including head office, our Document Supplies Division, our interstate offices and our Australian Technology Park facility. During the last certification audit of our Environmental Management System, the auditors from SAI-Global commended Fuji Xerox Australia in their report for a “long-standing commitment to improving its environmental performance”.

Overview of Fuji Xerox Australia’s impact & management systems
Our commitment to quality and environmental management is enshrined in our corporate core values, as is our commitment to the safety of our products and staff. Whilst the integrity of our health and safety processes are validated by our ISO14001 certification, the framework through which our commitment to the safety of our staff and customers is delivered is managed independently.

Fiscal integrity of the business is assured by a financial audit conducted by Ernst and Young who also conduct the audit of our parent company. The business is also subject to occasional fiscal and operational audit oversight by internal auditors visiting from Fuji Xerox Company Limited.

“Example of ancient knowledge preserved for the enjoyment of current generations.”

Vaughan Kirkby
Structure and governance

Parentage
Fuji Xerox Australia Pty Limited is a wholly owned subsidiary of Fuji Xerox Asia Pacific Pte Limited based in Singapore, which in turn is wholly owned by Fuji Xerox Company Limited of Japan. Fuji Xerox Company Limited is 75% owned by Fuji Photo Film Company Limited and 25% owned by Xerox Corporation of the United States of America. Extensive agreements exist between Xerox Corporation and Fuji Xerox regarding the sharing of resources that give the relationship the character of a partnership in many respects. Two sister companies of Fuji Xerox Australia Pty Limited, Fuji Xerox Finance Limited and Fuji Xerox Sales Pty Limited, enjoy the same parentage as Fuji Xerox Australia Pty Limited.

Organisation
We conduct our business through five principal operating divisions.

Integrated Sales Division
Sells the complete range of office copier, printer and multifunctional devices to government and commercial customers Australia wide and in non metropolitan areas through a network of some thirty plus Fuji Xerox authorised dealers.

Production Systems Business Group
Sells production digital printing equipment and software solutions to a range of printing/copyshop and graphic arts customers.

Fuji Xerox Global Services
Offers our larger customers a range of document management services from copier and multifunctional device fleet arrangements to full process outsourcing solutions.

Document Supplies Division
 Markets a range of paper and consumables for use in Fuji Xerox and competitor products and a complimentary range of ancillary supplies.

Customer Service Organisation
Provides software and hardware support services to Fuji Xerox customers across the country.

Supplementing this range of operational divisions are the following support functions:

Supply Chain Operations
Provides warehousing and logistics support across all states of Australia and the ACT.

Eco Manufacturing Division
Remanufactures a wide range of spare parts and consumables used in the repair and support of Fuji Xerox equipment.

A range of head office professional services functions including Human Resources, Marketing, Business Services (Finance), Corporate Affairs and Legal perform services that support the operational divisions of the business. Each division and function is headed by a general manager, reporting either to our Managing Director or Deputy Managing Director.

Direction and control
Fuji Xerox Australia receives operational direction from the Fuji Xerox International Business Group based in Shanghai, China. The Board of Directors of Fuji Xerox Australia (and its sister companies) is manned by two overseas directors, one being the General Manager responsible for the International Business Group and two local resident directors, our Managing Director and Deputy Managing Director respectively.

Operational direction for the business is provided within the parameters of a parent company agreed operating plan, a set of established operating policies and procedures and a defined authority matrix. Operational direction is communicated through a series of scheduled meetings.

The principal meeting covering the ongoing operations of our Australian business is the monthly Policy Committee Meeting, which is chaired by our Managing Director and on which sit the General Manager of each of the nominated operational and support divisions of the business. This meeting is used as the primary vehicle for policy determination and is also used for total business review and briefings, including business results and customer satisfaction feedback.

A series of divisional monthly meetings, variously chaired by the Managing Director, Deputy Managing Director or divisional General Manager, are held to review the results of each of the operating divisions and supporting functions. These meetings are also used to confirm specific operational policy decisions and to coordinate supply and demand of products and supplies.
Structure and governance

A further series of meetings are held on a quarterly or half yearly basis covering product planning, bids and tender strategy, distributor channel performance, eBusiness development, systems strategy and human resource succession planning.

In addition to the above meetings, we hold a series of monthly Customer Satisfaction Meetings at all sites as a cross-functional review of customer satisfaction factors within that site. Each of these meetings is attended by a Policy Committee member and the meeting is used as a vehicle for both communicating up to and in from our Policy Committee on factors relating to this principal value aspiration of the business.

Corporate values

We documented our core values in 2002. Prior to that we had been aware of their existence and had specific policies underpinning them but had never formally codified them. We turned them into a written summary by workshopping what we stood for with a group of twenty odd managers and staff from across the business, both organisationally and geographically. In précis form they emerged as follows:

- **Achieving Greater Success through Teaming** – ‘We work together to succeed’
  Working together as teams is fundamental to our future in a world where customers seek solutions rather than products.

- **Ethics & Integrity** – ‘We maintain the highest level of business ethics’
  Fundamental to our ability to build trust relationships with all of our stakeholders whether they be customers, employees or community interest groups.

- **Customer First** – ‘We succeed by satisfying our customers’
  Customer satisfaction is our primary business value.

- **Environmental Responsibility** – ‘We are committed to environmentally safe practices’
  Our responsibility to the environment comes before any consideration of profit.

- **Corporate Citizenship** – ‘We behave responsibly as corporate citizens’
  Abiding by all laws, respecting the rights and interests of others, ensuring the safety of our employees and customers and providing growth for our employees lies at the heart of our value set.

- **Celebrating Success** – ‘We celebrate our successes’
  With teams preeminently important, celebrating their success is our affirmation.

- **Continuous Improvement** – ‘We continuously improve the way we work’
  The principles of quality are deeply entrenched in our business.
Overview of our company’s interaction with our stakeholders

At Fuji Xerox Australia, we believe that a strong relationship and a high level of communication with all our stakeholders is not only the key to our success but a MUST to achieve sustainability. Our business strongly relies on the quality of our relationships with our stakeholders.
Because our people deserve respect and attention
At Fuji Xerox Australia, we aspire to grow as a company that cares; for our employees, our customers and the communities in which we do business. We think of this stakeholder group as people and it is to these people and their successors that we pledge our commitment to sustainability.

This report is intended as part of our efforts to make stronger the bonds of trust with people. By giving frank insight into our business we strive to build greater trust. We operate from a perspective that the more we can build trust with our stakeholders the more successful we shall be. Thus we seek to be open and transparent in our communications with our employees, our customers, our suppliers and the broader community. Our employee satisfaction, customer satisfaction and community involvement programs all reflect our desire to strengthen our relationship with our valued stakeholders.

During the year 2005, we have pursued our commitment to continuously improving our relationship with

- **Our employees.** They are what make us what we are, they are our skill, they are our integrity and in them is our capacity to win the future. This has led us to work with them to maximise their development and to foster their wellbeing.

- **Our customers.** Without them we are without future. We need their trust and their loyalty and to achieve this we need to offer a constantly improving array of products and services and constantly assess that what we are offering is meeting their expectations.

- **Our communities.** We work within them and desire to meet their evolving expectations of corporate social responsibility. We need their trust and want their respect.

In this, our ‘People’ section, we introduce some of our initiatives involving our stakeholders whether they be employees, customers or local communities. We have also reflected on some of the benefits conferred by our efforts in these areas and some of the recognition we have achieved through these efforts.

---

Andy Lambert
Deputy Managing Director
Enabling our people to be the best they can be is our passion. We continue to seek ‘employer of choice’ status and to work on enhancing our employee value proposition.

As we continue to grow as a company we look to our people to deliver our brand and we know that as we support, nurture and develop them they in turn will deliver the quality of service that continues to make us an outstanding business within the Australian market.

Employment

Fuji Xerox Australia employed 1586 people as at the end of March 2005.

Overall, employment numbers have been increasing steadily for several years as our company expands into new areas of business activities. There has been a slow increase in the number of part-time permanent employees largely driven by demand from women returning from maternity leave.

Prior to employment, Fuji Xerox Australia makes a conscious effort to provide prospective employees with a sense of the culture of our organisation, the benefits given and our expectations. Our employment contracts feature a large range of information that amongst other things covers business ethics, occupational health and safety, environment, confidentiality, sexual harassment awareness, employee benefits and recognition schemes.

Employees benefits

We offer a suite of company specific benefits to all permanent employees as follows:

- Company superannuation with life and disability insurance coverage
- Novated leasing for motor vehicles

- Salary sacrifice purchase scheme for portable computers
- Annual ‘healthy heart’ checks and flu inoculations
- Return to work bonus paid on completion of maternity leave
- Paid Paternity leave of one week
- Access to the internet for personal use
- Financial planning advice available on-site

Employee satisfaction

We regularly seek feedback from our employees through a formal employee satisfaction survey process. Such surveys are conducted at intervals of about eighteen months using a web based surveying tool. The survey is conducted by our parent company and is structured in a manner to give anonymity to respondents. Our Employee Satisfaction Survey in 2005 provided us with some positive assurance on this front with the majority of our respondents acknowledging they were “satisfied with Fuji Xerox Australia as a place to work...” and that they “… would recommend this company...” to others as a good place to work.

It is through the comprehensive analysis of results at a divisional and workgroup level that the real value of the survey is evident. The comparison of the responses to specific questions between the organisational median and individual groups enables the identification of a range of deviations from what we have perceived as either the desirable norm or desirable direction of change. Extensive resources continue to be targeted at corrective actions to address the issues our employees are alerting us to in these surveys.

Learning and development

We are committed to the ongoing development of our people and to the growth of knowledge and skills from within. Development takes place through internal and external programs, library resources, e-learning and learning events focussing on four core areas:

- Business performance – improving the productivity and skills of all employees
- Leadership and management performance – nurturing and developing leadership and management skills for today and into the future
- Technology and process – supporting the organisation’s systems and processes
- Coaching and mentoring – building the sustainability of development and knowledge within our business
As part of the portfolio of options to build skills, each Fuji Xerox Australia employee is provided with desktop access to over 200 online learning courses and a range of other development initiatives. Over the last year our employees have on average received 15.6407 hours of training per employee. These figures do not take into account external programs that the individual business units may organise for their staff, e-learning hours and informal training programs.

The following list outlines some of the non technical training options available to all employees:

- Employee induction
- Professional selling techniques
- Negotiation skills
- Presentation skills
- Conflict management
- Giving and receiving feedback
- Managing performance
- Working with people
- Strategic and tactical management
- Finance for non-finance managers
- Respect in the workplace
- Time management
- Conducting effective meetings
- PRIDE – Fuji Xerox Australia’s ‘Customer First’ program
- Business writing
- Leadership through quality

Our ‘Managing for Success’ tool is used as the primary vehicle for the deployment of priority objective across the business to each employee. We also use this same tool to plan and monitor the development of each employee to ensure employees have the skills and knowledge to do their current job, to meet the future needs of the business and to satisfy each employee’s aspirations for the future.

**Graduate program**

Fuji Xerox Australia began a graduate program in 2003. The purpose of the graduate program is to create entry level positions where graduates can be employed into growth areas of our organisation in their field of expertise, contribute to divisional objectives and gain relevant experience in their chosen field.

Graduates are given the opportunity to experience other relevant parts of our business and will, throughout their employment, develop into ‘ready now’, degree-qualified employees.

Focused learning and development activities at both a divisional and general level provide an excellent opportunity for graduates to take advantage of activities and experiences which will further develop their ability to contribute to the organisation.

The number of graduates in the program has risen from 4 in 2003, 6 in 2004 to 12 in 2005.

**Diversity and opportunities**

We are committed to ensure that we:

- promote equal employment opportunity/affirmative action as an integral part of good management practice
- meet the requirements of Equal Employment Opportunity legislation
- ensure the continued absence of discrimination on the grounds of sex, marital status, pregnancy, potential pregnancy, breast feeding, sexual preference, race, colour, national extraction, social origin, age, religious or political conviction, impairment, family responsibilities or family status in relation to:
  - recruitment and selection
  - transfer and promotion
  - conditions and type of employment, including access to staff development and training
  - dismissal

Recruitment and selection policies ensure all vacancies are advertised internally and that procedures to select candidates for opportunities are based on merit in relation to the company’s values and supporting competency framework. A procedure to resolve complaints is published and appropriate human resources people trained in the procedure. Through it, any person has the opportunity to raise concerns and have them handled professionally, with appropriate confidentiality and support.
Employee recognition

We have long had high respect for the contribution to customer satisfaction that can flow from the extraordinary response of one employee or a group of employees to a customer’s call for assistance. Recognising this, we maintain a system for recording commendations of such special responses, whether they come by way of comment or thank you from customers or based on observation by peers or management. Such commendations are reviewed each month at local Customer Satisfaction Meetings where they may qualify for a customer satisfaction award. Initiatives having a more universal or extraordinary characteristic may be nominated for a national customer satisfaction award or a Managing Directors award. Each of these award recipients is thanked but also qualifies to receive an appropriate gift. Rewards range from local site awards that typically attract a gift voucher or small gift, up to a Managing Directors award where the recipient is awarded a plaque and a substantial cash prize. All awards are presented within a team or site meeting.

We have also endeavoured to address the ‘little things’ that people do by way of help and assistance, either to help customers or to help others in the business who are supporting customers. Such compliments get recorded and fed back formally to staff concerned. In the year under review, 1,319 such compliments were logged.

As a further recognition of outstanding extended and professional conduct, a limited number of individuals are recognised by the award of Presidents Club membership. In the current year six individuals received such awards.

In addition to these awards recognising exemplary service and behaviours, we also honour the corpus of knowledge that builds in a loyal workforce. Promoting this attribute we publicly acknowledge employees’ years of service in five year increments and make presentations of pins and awards appropriate to the particular length of service concerned.

Labour relations

Approximately 30% of employees are represented by union organisations who are respondents to five Enterprise Agreements (EAs). All EAs have a clause relating to the introduction of change in the workplace.

Fuji Xerox Australia has negotiated EAs with our unionised workforce since 1996. Most agreements are at a fourth renewal stage. Current agreements are as follows:

- Customer Support Organisation EA 2004 – covering Field Service Employees (National)
- Eco Manufacturing and Production Employees 2004 (NSW)
- Technical Services Employees 2004 (NSW)
- Warehouse and Distribution Employees 2004 (NSW)
- Melbourne Warehouse Employees 2005 (VIC)

Whilst the negotiation of enterprise agreements has become a relatively routine process, we have grown to recognise more and more the importance of close, informed relationships with our people and that continuous open and ongoing communication with our staff is vital as a prerequisite to a mutually satisfactory negotiation process.
Human rights

Having regard to our state of domicile, we have only superficially considered the range of human welfare and human rights obligations that might be countenanced by an entity dealing internationally with a wide range of suppliers. In respect of the operations of our parent and associated companies, all subscribe to the Global Compact, Fuji Xerox Company Limited having signed the Compact in 2002.

Ethics in the business

We seek to maintain the highest level of ethics in our dealings with employees, customers, suppliers and all other stakeholders. Our principal ethical values are embodied in a one page document that flows from our corporate values. This ethical commitment set is incorporated into the employment contracts of all our employees. Furthermore these values are regularly restated in the business and reconfirmed by formal acknowledgement.

To assist staff in resolving ethical dilemmas we maintain membership of the St. James Ethics Centre based in Sydney and encourage employees to use that resource. It provides an independent, totally confidential ethical counseling service that staff can call anonymously for a confidential discussion of any ethical dilemma they perceive in the business. Our staff have been assured that they will never be disadvantaged by seeking to debate an issue that they perceive as impinging on our trustworthiness as a company.

Employee wellbeing

We are committed to providing a safe and healthy work environment for all employees, contractors and visitors and to ensuring the safety of customers using our products. As an orderly response to the increase in standards, codes and regulations regarding occupational health and safety in recent years, we have developed a systematic process that identifies and manages risks to ensure the health and safety of people.

Fuji Xerox Australia’s safety vision is based on the principle that safety is a shared responsibility between our people and our organisation and therefore requires consultation and collaboration between all interested parties. Hence, we have developed an Occupation Health and Safety Management System that is accessible to everyone within our business.

The Occupational Health and Safety Management System includes:

- General information such as policies, procedures, instructions, general safety information and fact sheets.
- Site specific information such as emergency plans, site contacts, preventative maintenance programs, hazard alert records and workplace inspections.

Our management system incorporates the principles of continuous improvement, feedback and review to ensure regular updates and compliance with current Occupation Health and Safety Acts and Regulations.

In an effort to ensure workplace safety across all of our sites, we have assigned a minimum of an occupational health and safety coordinator, first aid coordinator, emergency evacuation coordinator and rehabilitation coordinator per site in addition to the first aid officers and emergency fire wardens. A number of our major sites have also implemented their own Safety Committee.
In the year under review, Fuji Xerox Australia developed an online safety induction program, covering all aspects of workplace safety including risk management, electrical safety, emergency preparedness, personal protective equipment, chemical management and manual handling techniques for use in employee and contractor safety induction training.

At Fuji Xerox Australia, every incident, accident, injury is thoroughly dealt with in accordance with current legal requirements. In the event of an injury that requires more than a simple first aid treatment, an investigation report is completed and all injuries are reported to our Human Resources department.

“Occupational health and safety is an integral component of any business and both the employer and employee need to understand the importance of safe work practices.

I get great personal satisfaction from being part of the Fuji Xerox culture of improving safety management.”

Paul Camp
National OH&S Manager
Product safety

Product safety has long been a fundamental business principle for the Fuji Xerox group. In October 2003 we saw the establishment of a group Product Safety Policy which extended and formalised the requirement for Fuji Xerox and its affiliated companies to provide safe products and to handle any product safety incidents with the highest priority within a structured procedural framework.

As part of this policy, the group has developed its own safety standard called ‘C11’, a comprehensive set of voluntary safety requirements covering electrical, mechanical, physical and chemical safety that go beyond our statutory obligations. All our products are compliant with current laws, regulations and international standards and additionally comply with the C11 standard, our higher benchmark.

Ensuring a high level of safety for our customers when using our products is of extreme importance and, along with the C11 standard a classification and reporting system is used to record all product safety incidents. Each incident is classified into one of two categories – property damage and physical injury with the allocation of a class type to each incident. These classes define the level of incident and the urgency of investigation. All incidents are reported to the senior management group with the appropriate remedial action taken either at a local level or at the design and manufacturing level.

During the year under review no incidents resulting in property damage or physical injury occurred.

Product information

We invite customers to request any information they require relevant to the safety of our products. Product safety documentation includes Material Safety Data Sheets (MSDS), Product Safety Data Sheets (PSDS), Product Safety Fact Sheets and general product safety information. Information provided therein covers incident prevention and management such as transport & handling, protective equipment and clean-up requirements. Such information on our products is available in hard and electronic copies and can be requested by:

- emailing: OHSenquiries@aus.fujixerox.com
- contacting our Customer Care Centre on 1800 028 962
- contacting our Occupational Health and Safety Department on (02) 9364 5100

In the year under review, Fuji Xerox Australia provided 1597 Material Safety Data Sheets and 91 Product Safety Data Sheets in response to customer and other user requests.
Customer satisfaction

Customer satisfaction as an objective is our principal business value. We regard our ongoing assessment of customer satisfaction as our pre-eminent lead indicator in the business. Our basic hypothesis is that measures of customer satisfaction should be a focus before profit. If our customers are satisfied then fiscal reward should flow naturally from that achievement.

Our commitment is supported by processes that facilitate communication with our customers. Many of our internal procedures and organisational meeting arrangements have been adopted or changed to reflect Fuji Xerox Australia’s commitment to customer satisfaction.

Over the course of a year, Fuji Xerox, as well as third party research groups, conduct a range of customer satisfaction surveys. Reflecting the diversity of our business and our customers, we utilise a number of different survey techniques (including face-to-face interviewing, telephone and web-based surveying) to best meet their needs. The data from these different surveys is analysed to determine any significant developments, trends or recurrent issues that need to be addressed.

Fuji Xerox Global Services operational surveys

Fuji Xerox Global Services on-site customers are asked to participate in annual customer satisfaction surveys. These surveys are conducted on-line and are accessed through an HTML link received via e-mail. These questionnaires vary from one customer to another, but essentially relate to the specific portfolio of services supplied to each Fuji Xerox Global Services customer.

Office customers survey

On an ongoing basis we survey all acquirers of equipment from our office array of products in a simple telephone survey. This is intended to establish each customer’s satisfaction over matters as diverse as the equipment and the training we deliver, through to administrative aspects of our offering, like the quality of our billing processes. In the year under review our customers across Australia indicated an overall satisfaction with Fuji Xerox Australia of 99% in this survey with 1% expressing dissatisfaction.

Production systems face-to-face surveying

In respect of our high volume and colour printing products we conduct extensive face-to-face interviews on an annual basis. These interviews typically take between 45 minutes and an hour to complete. Over the last five years we have consistently enjoyed a participation rate of more than 70% by our customers in this process. The results are a vital complement to our ongoing desire to evolve our processes to ensure these customers, who rely on their equipment for income generation, are fully satisfied.

Our Production Systems face-to-face survey results for the year under review covering our Production Colour, DocuTech and HEP (High End Printing) customers across Australia indicated an overall satisfaction with Fuji Xerox Australia of 91%, with 37% across the 3 product customer groups indicating they were very satisfied, 54% indicating they were satisfied, 8% indicating dissatisfaction and 1% indicating they were very dissatisfied.

Total market survey

Regionally, our associates in Shanghai engage the services of an external provider to conduct two customer satisfaction surveys throughout the Asia Pacific Region. The first survey targets Fuji Xerox customers in each country whilst the second survey is for benchmarking purposes and seeks the opinions of users of equipment and services supplied by our competitors.

Customer defection interviews

In addition to the above range of surveys, a member of the senior management team conducts face-to-face interviews with customers who elect to buy competitors equipment after previously using ours. The purpose of these defection interviews is to learn from our lost customers what it is as a business that we don’t do well that has led them to turn to a competitor.

The results from all our various survey work is aggregated and analysed by our National Customer Satisfaction Manager and fed to our Policy Committee group for the development and implementation of corrective actions. The goal of all our surveying is to identify opportunities to improve the way we do things in order to maximise customer satisfaction with our offerings.
Customer satisfaction assurance system

A key element of our customer satisfaction infrastructure is our Customer Satisfaction Assurance System (CSAS) that is used to log customer queries, complaints and compliments. Whether contacting our National Customer Care Centre or a known individual, such calls are logged and controlled through an escalation process to ensure queries and complaints are resolved in a timely manner. The system is predicated on a requirement that all queries and complaints should be resolved within fourteen days. The outputs from this system feed to local branch customer care personnel who ensure the resolution of the query by the appropriate manager in their branch. The account-by-account output of this system serves as a key input into the monthly customer satisfaction meeting at each branch. Causal factor analysis of queries and complaints also serves as an input to the National Customer Satisfaction Manager for correlation with survey results as a further source of information to support rectification and improvement action in the business.

The same CSAS system is also used to record compliments both from customers and internally regarding outstanding customer satisfaction actions taken by our staff. The details of such compliments flow to branch and site Customer Satisfaction Meetings and to the senior management Policy Committee Meeting and are also used as the feedstock for the recommendation of a range of customer satisfaction awards to recognise meritorious performance by individuals or teams in their delivery of service.

Customer satisfaction meetings

Each month, we hold Customer Satisfaction Meetings at all major sites across the business, all meetings having a participant from the senior management group attend at least bi-monthly. The purpose of these meetings is to identify customer issues and share information, feedback and ideas aimed at improving customer satisfaction.

A typical customer satisfaction agenda would be:

- Key result measurement (variance analysis)
- Key performance indicators (variance analysis)
- Key projects (status check)
- Management system feedback (ISO 9001 & ISO 14001) – audits, corrective / preventive action review, PSP/QIP review, effectiveness of both QMS & EMS
- Current survey feedback analysis
- Outstanding complaints/queries (from Customer Satisfaction Assurance System)
- Staff recognition

Fuji Xerox Australia’s Quality Improvement Process (QIP) and Problem Solving Process (PSP) provide the quality principles and tools we use to solve problems, improve the way we work, create customer value and deliver results. QIP’s and PSP’s are undertaken as special projects in Fuji Xerox Australia and cross-functional teams are created to review, recommend and implement solutions. As such, QIP’s and PSP’s are assigned to any issues identified in our review of customer satisfaction that warrant address as an ongoing issue.
The nature of our business is such that we are often given a deep insight into the affairs of our customers. This has led us to address this issue over and above the common law obligations of our employees to respect and protect such confidential disclosures. We have done this by introducing into the employment contract of every one of our employees, a written obligation to respect the confidentiality of all Fuji Xerox and customer information. This obligation is periodically reconfirmed in a process applied annually across the business where all managers are asked to confirm that they have not become aware of any transgression of this confidentiality obligation and a number of other core trust values.

We have formally committed to comply with the Privacy Act 1988 and the National Privacy Principles as outlined in our Privacy Policy. Since 1990, we have incorporated standard provisions in our contracts to confirm the extent of our rights to use credit information relating to our customers accounts and in 1999 we implemented an extension of our Privacy Policy to encompass the issues dealt to in the Privacy Amendment (Private Sector) Act 2000. We consciously avoid the collection of any sensitive personal information and have committed such in our policy. A copy of our policy can be accessed at www.fujixerox.com.au/privacy.jsp.

Communications in respect of privacy matters are driven from several locations to the email address privacyofficer@aus.fujixerox.com and can also be made via phone and fax to addresses offered in our written policy. Communications addressed to our Privacy Officer are monitored by a senior executive of the business. Few communications are received other than routine requests by recipients of various communications requesting that they receive no further contact of a particular class. No complaints against Fuji Xerox were registered with the Privacy Commissioner during the year.

The privacy of our employee records is maintained in accordance with a policy that is freely available to all employees of the business. It prescribes the range of information that shall be collected and the manner in which it shall be stored and accessed. As a fundamental right, each employee is allowed to have access to their file at any time to review the contents.

“This photo was taken in the last twenty minutes of daylight in the middle of the week, the most average time of the week. Yet this age represents the ability of the earth to finish with one day, no matter what has occurred and start afresh which is what we should be doing with the environment.”

Karl Seikel
Fuji Xerox Australia has taken a number of initiatives in respect of engagement with community. These have effectively been at two levels, through industry associations and through engagement with not for profit organisations.

Industry associations

Our industry association participation strategy is to engage; seeking to support and actively assist in the development of initiatives that yield positive community outcomes. We take this approach on issues that directly benefit business through to more broadly based initiatives that might provide benefit more widely. In both instances, Fuji Xerox Australia is looking to share information and knowledge across the business community in areas where it can add value.

Our Managing Director Philip Chambers acted as a director of the Australian Information Industry Association, (the AIIA; the IT industry association) through much of the year, generally supporting the effective operations of that body and taking a leadership role with some of his fellow directors in promoting environmental concerns in the association. In addition, a number of other employees of the company were engaged as volunteers supporting various initiatives of the AIIA. One particular initiative involved fostering the development of a computer industry product stewardship proposal. Recognising the importance of this latter initiative we contributed some $8,000 towards the cost of retaining Planet Ark as consultants to assist in the development of this proposal.

Another element of Fuji Xerox Australia’s commitment to the AIIA related to our willingness to participate in AIIA lobbying initiatives to encourage governments at all levels to take a commercially realistic position when contracting with suppliers, and in particular allowing suppliers to retain the development rights in intellectual property supplied to government. The later being regarded as an important industry development consideration for the associations membership, whilst offering government the prospect of no less utility and probably at reduced cost.

A number of other industry association engagements were maintained at a less structured level. These range through organisations as diverse as Amcham, the Committee for the Economic Development of Australia (CEDA), the Australian Industry Group (AIG), the Office Equipment Industry Association, the Buy Recycled Business Alliance and many industry specific groups. In one of those engagements the company contributed $20,000 towards the cost of research being undertaken by the Printing Industry Association of Australia to foster policies that would facilitate an increase in the level of recycling of business paper in the community.

Our commitment to the Buy Recycled Business Alliance is perhaps worthy of further comment. The Buy Recycled Business Alliance (BRBA) is a major business coalition established to promote industry environmental leadership through purchasing Recycled Content Products (RCP’s) and materials, and the implementation of best practice sustainable purchasing programs. Represented on the Board of Directors by Tony Fielder, a Senior Manager from our Document Supplies Division, the BRBA is regarded as the national authority on buying recycled for business and aims to use its member’s significant purchasing power, estimated at AU$50 billion per annum, to increase RCP take-up.
Community

The other level of Fuji Xerox Australia’s community engagement strategy relates to non business community engagement. In this area, we have a long standing partnership with United Way, to which both the staff and the company make contributions. United Way offers an Australia-wide presence, through which they effectively direct funds to local community welfare agencies in the local area in which donors reside. Their established governance framework, the economy of their process and the tax effectiveness of staff being able to make donations out of pre-tax income has made them an attractive partner in our quest to build social capital.

Fuji Xerox Australia encourages staff to donate to United Way through a workplace giving scheme that tax effectively diverts pre-tax dollars which Fuji Xerox Australia matches $1 for $1. During the year, staff donated $49,191 through this program that was matched by an equal donation from the company.

A number of employees are also involved as volunteers with United Way, supporting the good governance processes that are part of our partnership. In particular, we have people looking at issues of community needs and the approval of beneficiary applications for funding. During the year, we also provided extensive in-kind support in the way of printing facilities to a value of some $15,000 to foster the development of United Way.

Fuji Xerox Australia has also taken an active role in pursuing the establishment of United Way Brisbane during the year, thus completing United Way’s Australia-wide mainland state establishment. John Graham, Fuji Xerox Australia’s Queensland Manager, has taken an active role in fostering the establishment of United Way Brisbane and Fuji Xerox Australia contributed $10,000 towards the funds to get United Way Brisbane operational.

As part of our program with United Way, a number of employees have participated in United Way’s ‘Seeing is Believing’ and ‘Corporate Connect’ Programs. During the year, the Fuji Xerox Policy Committee members and the Leadership Program Group have all participated in the former program that entails visits to community organisations to understand the extent of community need. A number of staff have also done work through the ‘Corporate Connect’ Program, working directly with community organisations as volunteer teams.

Disaster response – The tsunami appeal

The Christmas holidays of the year under review were marred by the tragedy of the tsunami that devastated coastal communities in five or more countries in Asia. An appeal mounted by the company offering staff the opportunity to donate pre-tax income, matched dollar for dollar by the company, resulted in a donation of $70,000 being made to the Australian Red Cross to support the Red Cross and Red Crescent assistance and rebuilding programs for tsunami affected communities.

In addition, staff responded generously to a call for clothing, sending 19 large boxes to Sri Lanka, one of the countries hardest hit by the disaster.

Sponsoring elite athletes

Our association with sport has become an integral part of our operation. We believe it reflects our values, energy and dynamism and recognise that the swimmers we sponsor are inspirational role models to all of us and the broader community. After the success of the Sydney 2000 Olympic Games, we sought to continue our association with elite athletes and, in the lead up to the 2004 Athens Games, we sponsored three Australian swimmers. We have now extended our sponsorship to four swimmers: Petria Thomas, Alice Mills, Libby Lenton and Jessica Schipper whom we are committed to support until the end of 2006.

In addition to direct sponsorship of elite sports people as role models, we have also in recent years provided $10,000 per annum to support the National Aboriginal Sports Corporation. This funding has been provided in support of their Role Model Program that facilitates the involvement of a number of sporting icons for the promotion of health and education initiatives for children in Central Australia and Top End communities.
We encourage the engagement of our staff with the community in which they live and work as an element of our commitment to corporate citizenship. As a practical underpinning of this commitment, Fuji Xerox Australia has implemented a Community Service Awards program which provides a series of grants to community organisations that our staff engage with as volunteers in their own time.

The program commenced in 2003 with applications from staff being assessed by our Community Care Committee, a cross-functional team within Fuji Xerox Australia. In the year under review we donated $50,000 to 19 charities supported by our employees, with individual grants ranging from $1,500 to $4,250. Awards were given to children’s charities, surf lifesaving clubs, rescue organisations and a community radio station among many others. The amount each community organisation received was based on three criteria: how long the employee has been involved with the entity concerned, how much time is spent volunteering with the organisation and the overall community benefit impact of the organisation.

Some of the organisations that have benefited to date include:

<table>
<thead>
<tr>
<th>Aunties and Uncles</th>
<th>Liver Support Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barnardos Australia</td>
<td>Masonic Care QLD</td>
</tr>
<tr>
<td>Big Brothers Big Sisters</td>
<td>Mater Dei</td>
</tr>
<tr>
<td>Blacktown Community Radio</td>
<td>Narre Warren Fire Brigade</td>
</tr>
<tr>
<td>Bronte Surf Life Saving Club</td>
<td>Reality Check - Young Adults with Diabetes</td>
</tr>
<tr>
<td>Camden West Rural Fire Brigade</td>
<td>Rhema FM - Community Radio</td>
</tr>
<tr>
<td>Camp Breakaway</td>
<td>Royal Blind Society</td>
</tr>
<tr>
<td>Camp DARE</td>
<td>RSPCA</td>
</tr>
<tr>
<td>Camp Quality</td>
<td>Southern Community Welfare</td>
</tr>
<tr>
<td>Coptic Orphans Australia</td>
<td>Starlight Children</td>
</tr>
<tr>
<td>Diamond Beach / Redhead Rural Fire Brigade</td>
<td>Surf Life Saving QLD</td>
</tr>
<tr>
<td>Gunning SES Unit</td>
<td>Vedanta Centre</td>
</tr>
<tr>
<td>Hutt Street Centre</td>
<td>Whitfords Volunteer Sea Rescue Group</td>
</tr>
<tr>
<td>Leukaemia Foundation</td>
<td>Wyong SES</td>
</tr>
</tbody>
</table>
“Located on the Central Coast of NSW, Breakaway provides an escape for physically disabled people to enjoy a ‘Breakaway’ from the challenges of daily life. Various camps are held throughout the year where campers are encouraged to participate in activities such as sailing, riding, tennis, singing and dancing and various other things that would normally be unavailable or too difficult for them to enjoy. Breakaway relies on the generosity of others, Fuji Xerox Australia’s donation has enabled Breakaway to increase the comfort of the facilities for the campers.

My parents introduced my brother and I to Breakaway after they became involved as volunteers when they retired 13 years ago. I visited one of the camps and met some really lovely people. Some were giving up their time to give others enjoyment and yet others were enjoying opportunities in life that are generally taken for granted. It is a very special place. I now work as a volunteer and give my time helping at fund raising functions whenever possible.”

Libby McCallum
Contracts Service Manager
Winner of a Community Service Awards, 2003 & 2004
Awards and prizes

Selection of recent awards received by Fuji Xerox Australia for environmental initiatives, technology, management and corporate citizenship.

Awards in Australia

- 2004 Best Human Resources Strategy Award, by Human Resources Australia’s Leading HR Publication
- 2002 Sydney Division Engineering Excellence Award for the Environment, recognising the Eco Manufacturing Centre in Zetland for conservation and landfill reduction through recycling
- 2002 National Eureka Science Prize for Industry. The prize was awarded to our Eco Manufacturing Centre in Zetland for its contribution to science and the development of technology for the remanufacture of products
- 2001 Australian Electronic Engineering Manufacturer’s Association Excellence Award for Product Stewardship
- 2001 Deloitte Consulting Industry Award for Australian Import Replacement Manufacturer of the Year
- 2000 United Nations Global Environment Award for environmental leadership achievements

Finalist

Fuji Xerox Australia has proudly been named as finalist for the following awards:

- 2005 AIIA iAwards for Industrial Applications
- 2004 Best Learning and Development Strategy
- 2004 Best Human Resources Team

Awards in Japan

- Fuji Xerox Group has received the Energy Conservation Prize for printing products energy efficiency 6 years in a row

*Fuji Xerox has become the first company in the Industry to win the Japanese Government’s Energy Conservation Centre’s Energy Conservation prize for new products for six consecutive years. In 2005, Fuji Xerox won the Award for a solution combining the Document Centre C450 digital multifunction device and CentreWare Flow Services software.*

This solution represents the combination of an energy efficient multifunction device together with a software program that promotes the digitisation of paper documents, thus achieving significant reductions in power and consumable usage. This is the first time that Fuji Xerox has been awarded a prize for a solution, which incorporates both hardware and extrinsic software.

- Our Emulsion Aggregation Toner was awarded the Japan Imaging Technology Prize by the Japan Imaging Society in 2003.
Because our planet needs our help and protection.
Fuji Xerox’s commitment to the environment is one of the principal foundations of its sustainability vision. It is a commitment that has led it to aggressively pursue design for the environment initiatives, to eliminate hazardous materials from its products, to minimise resource usage and to maximise the recycling and remanufacturing potential of its products. Coupled with this it has implemented a comprehensive environmental management system across the business and sought to have this certified under the International Standard ISO 14001.

Locally, our initial focus on environmental imperatives occurred in the 80s when we redefined our new product offerings to be ‘newly manufactured’ and stated that such products would incorporate new and recycled parts. Much has happened in the interim and the world we deal to now is a different one that readily accepts such practices.

Since those days, we have been extensively involved in the remanufacture of equipment that is robust enough to be remanufactured to enjoy a second life in the field. We still remanufacture a number of our top end printing products, like our 60 page a minute 6045 printer that is widely used for printing utility bills and similar jobs. In the end however, it has not been machine remanufacturing that has starred in our remanufacturing story but the technically more complex component remanufacturing.

Through the patient technical analysis of parts failure, we have been able to build a remanufacturing capability for many components replaced in service that once would have been treated as waste. In the year under review we saved some $26.4 million on the remanufacture of parts and sub assemblies and generated export revenue of $5.2 million, saving an estimated 758 tonnes of waste that would have been processed as scrap or even landfill. It is a superb story, for the fact that the economic benefit is as good as the environmental outcome.

The other exciting achievement of the current year has been the establishment of our end of life equipment recycling facility. We are now, together with eight other countries in the region, exporting products at the end of their life to a purpose built end of life recycling facility in Thailand, where we are able to achieve a 99.6% resource recovery.

With the capacity of the Thailand facility being progressively implemented, we can see our end point target of zero waste to landfill will be achievable. Once Thailand is operating at full capacity levels, and the reverse logistics stream that feeds it is properly optimised, our environmental aspiration statement of “waste free products from waste free factories” is going to be one step closer to reality.

In non-product related areas we now have documented environmental management systems covering all our sites across Australia. At each site we have a designated Environment Co-ordinator responsible for the local environmental management system, each of whom is committed beyond it being just part of their job and each sites Environmental Management System has been ISO14001 certified.

Ramsay Moodie
Director Corporate Affairs
As a fundamental component of its commitment to exemplary corporate citizenship Fuji Xerox Australia is committed to the protection of the environment and the continuous improvement of its performance in the reduction of environmental impacts. This commitment applies across the whole of Fuji Xerox Australia’s business covering the supply and support of document processing equipment and software and the provision of analogous services.

As part of this commitment Fuji Xerox Australia Pty Limited will:


2. Actively market eco-friendly products and consumables, promoting reuse and recycling via the resource recycling systems of Fuji Xerox.

3. Work to prevent pollution and to achieve continual improvement in environmental performance by controlling, reducing or eliminating all harmful releases, the use of hazardous and toxic materials and waste discharges, to the extent that proven technology will allow.

4. Establish programmes to achieve agreed environmental targets and objectives. Such programmes will include the education of all employees to enable them to work in a manner which maximises protection of the environment.

5. Plan for and conduct site operations in a manner that safeguards health, whilst minimising environmental impacts and optimising resource utilisation.

6. Comply with Fuji Xerox and Xerox manufacturing accreditation standards and all applicable legal and regulatory requirements.

7. Participate in appropriate industry wide initiatives for the protection of the environment led by government or by industry representative bodies.

8. Communicate regularly with employees, suppliers, contractors, interested third parties and the public, to heighten awareness of environmental issues and to encourage active participation by all in striving for the achievement of environmental objectives.

9. Establish remedial contingency plans to deal effectively with emergencies, accidental spills and discharges.

10. Promote this commitment by making copies of this policy freely available to staff and the public.

Philip C. Chambers  
Managing Director  
July 2003
THE ENVIRONMENT

Objective and targets

The Fuji Xerox Group’s set of environmental targets have been set universally across the business covering development, production (including that undertaken in China) and sales offices and are stated in the following terms:

**CO₂ output objective** is stated as an efficiency factor reflecting how many millions of dollars revenue we earn per tonne of CO₂ produced. Targets have been set based on a percentage annual improvement in this measure. The factor for Fuji Xerox Australia sites, recognising that Australia is heavily reliant on coal fired power generation, is an improvement in our environmental efficiency factor (Revenue /CO₂) of 16% for 2006.

**Zero emission objective** relates to the groups ‘zero waste to landfill’ objective. It is expressed as a percentage being the waste to landfill as a percentage of all emissions (ie. all by-products out of the business including CO₂ but excluding water, ie. the percentage of our traditional wastes that are going to landfill.

**Reduced paper usage objective** is expressed as a year-on-year reduction in our purchases of paper for use in the business and is primarily intended to achieve a reduction in CO₂ generation and as a secondary consideration to reduce our utilisation of forestry resource.

**Maintaining the certification of all sites pursuant to ISO 14001.**

**Selling eco conscious products** which are products with energy saving features and components designed for remanufacturing, making them comply with the International Energy Star and/or Japanese Eco Mark programs. Products that do not qualify as eco conscious according to the above definition are generally production units that fail to qualify on the grounds that they do not incorporate power down to “stand by” and “sleeping” modes. Such products designed for use in production printing environments are generally utilised in an environment where if they are turned on then they are in production.

<table>
<thead>
<tr>
<th>Objective</th>
<th>2004 Achievement</th>
<th>2005 Achievement</th>
<th>2006 Target</th>
<th>Report Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CO₂ reduction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO₂ emissions</td>
<td>9034 tonnes</td>
<td>9102 tonnes</td>
<td></td>
<td>Page 38 Site performance indicators</td>
</tr>
<tr>
<td>Revenue</td>
<td>$503 m</td>
<td>$526 m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficiency factor</td>
<td>$55.6 m/tonnes</td>
<td>$57.8 m/tonnes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvement</td>
<td></td>
<td></td>
<td>4.0%</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Zero waste to landfill target</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total emissions</td>
<td>12157 tonnes</td>
<td>12524 tonnes</td>
<td></td>
<td>Page 38 Site performance indicators</td>
</tr>
<tr>
<td>Landfill</td>
<td>1359 tonnes</td>
<td>1114 tonnes</td>
<td></td>
<td>Page 40 Remanufacturing</td>
</tr>
<tr>
<td>Landfill %</td>
<td>11.2 %</td>
<td>8.9%</td>
<td>4.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Internal paper usage reduction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total usage</td>
<td>131 tonnes</td>
<td>111 tonnes</td>
<td></td>
<td>Page 39 Environmental education</td>
</tr>
<tr>
<td>Reduction</td>
<td></td>
<td></td>
<td>15%</td>
<td>6.7%</td>
</tr>
<tr>
<td><strong>ISO 14001 site certification</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sites certified %</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>Page 8 Management systems</td>
</tr>
<tr>
<td><strong>Selling eco conscious products to customers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of eco conscious products %</td>
<td>90%</td>
<td>90%</td>
<td></td>
<td>Page 33 Eco friendly products and supplies</td>
</tr>
</tbody>
</table>
Purchasing activities

Site purchasing
In the year under review, we developed a ‘Green Purchasing Guide’ and ‘Green Purchasing Assessment Tool’ to be used for Fuji Xerox Australia’s facilities, office and production purchases. We have also commenced pressing our environmental management requirements on our suppliers by undertaking an assessment of our major suppliers periodically in a program we intend to further strengthen.

Products procurement
Our group is seeking to reduce not only the environmental impact of our own business, but also the impacts that our products and services have in the community. In short, the products we supply are always designed with both the environment and our customers in mind.

Eco friendly products and supplies

One of the fundamental components of our environmental strategy is to provide eco-friendly products and solutions to our customers. Offering a complete eco-friendly package is part of our commitment to help our customers help the environment.

Products designed for reuse and recycle
Adopting designs that facilitate the reuse and recycling of used machines and parts. Our design for reuse and recycle practices include the following considerations:

Standardisation
We have various components that are common to existing and future models so that they can be reused.

Strength
We continue to increase the use of more rigid materials to reduce damage during transport, handling and use of equipment.

Durability
We build components for longer use and in order to facilitate reuse.

Separability
We design products for easier separation and disassembly of short-life components.

Recyclability
We select materials that can be easily recycled.

Some of the latest equipment we supply can contain up to 97% of reusable or recyclable components.

Products designed with reduced chemical content
Ahead of the regulatory trends regarding the use of hazardous materials, our group has for some time been taking initiatives to reduce the quantities of chemical substances in our products and parts. Our parent company has assigned special teams to assess how we can reduce the use of chemical substances during each stage of the production process, including development and procurement.

In 1999, Fuji Xerox established the Hazardous Substances Reduction Team to work with parts manufacturers and suppliers on the above challenge. With the successful development of alternative technologies, they have been able to eliminate lead, mercury, cadmium, hexavalent chromium, polybrominated diphenyl ethers and polybrominated biphenyls from all new equipment models supplied after March 2005. They continue to work on the elimination of brominated flame retardants and polyvinyl chloride. The Green Procurement Standards, originally implemented by Fuji Xerox in 1999 that have driven this change, specify requirements that equal or exceed those of the default international standard for earth friendly electrical product composition, the European Union RoHS Directive that comes into effect in mid 2006.
THE ENVIRONMENT

Eco friendly products and supplies

Products designed for energy saving

A substantial proportion of the environmental impact of our products is related to their energy consumption. One of our goals is to reduce the power consumed by customers when they use our products. Fuji Xerox has long worked to reduce the power consumption of our equipment through the development and implementation of energy-saving technologies.

The successful reduction in power consumption of our products is the cumulative outcome of a series of technological advances that have resulted in less power consumption by the fuser, including shorter warm-up time, toners that bond at lower temperature, and faster warm up from power saving mode. Today, the benefit of these energy saving technologies has resulted in some of our latest products using up to 70% less power than their predecessors. Whilst the energy saving feature of our latest products are extraordinary when compared to their predecessors, all office products we offer comply with the Energy Star Rating Program.

Eco friendly toner and ink technologies

One of the latest great innovations in our technology is our Emulsion Aggregation (EA) toner technology. This EA toner has been developed over eight years and represents a revolution in the process of producing toners. The emulsion aggregation method can produce toner particles to fine sizes, essentially from a liquid, instead of having to crush it down from large pieces of toner material. This chemical process reduces CO\textsubscript{2} emissions during manufacture by 35%, due to less energy being needed in the process. EA toner not only reduces environmental impacts during manufacturing process but it also contributes to waste reduction during the printing process. The transfer of the particles on the paper has been engineered to be more effective, improving toner consumption and reducing toner wastage by more than 50%.

Our solid ink printers use colour sticks inks. During the printing process, these blocks of ink are melted and projected onto a rotating drum and offset onto paper in a single pass of the print engine, achieving nearly 100% ink transfer efficiency. By eliminating print cartridges and minimising the number of other consumable items that must be replaced throughout the life of the machine, solid ink printing conserves valuable material resources. Solid ink printing also generates 95% less waste during use than a typical colour laser product. Fewer consumables translates into lower operating costs, increased reliability and ease of use. The inks blocks contain no solvent or hazardous chemicals as they are made of a vegetable extract. The Phaser 8400, the newest Xerox product featuring solid inks, has received the Good Environmental Choice product certification from the Australian Environmental Labelling Association.

Eco friendly digital technology

Enhanced environmental efficiency in the print shop

As a result of innovative designs and technologies, our latest high volume production printing equipment now also offers environmental features for the commercial printing industry. For instance:

- Dry inks that are non-toxic and have a transfer efficiency rate onto the paper of nearly 100%, reducing the potential for waste
- Emissions such as ozone and dust are strictly controlled and comply with all air emission thresholds
- Digital print-on-demand technology, which reduces paper wastage

The iGen3 is said to be the greenest machine designed for the commercial printing industry. Compared to traditional offset printing presses, the iGen3 creates little waste, emits 80% less noise and does not generate hazardous waste or use hazardous materials. Up to 97% of the parts in this three-tonne machine can be reused or recycled and 80% by weight of the waste it generates can also be reused or recycled.

Xerox’s recently introduced Nuvera 100/200 Digital Copier/Printer was designed to meet Energy Star and Environmental Choice Eco Logo specifications. It provides copying, scanning and printing capability for mid-production applications of up to 500,000 images per month. The product’s unique integrated printer controller optimises the energy consumption of each subsystem, reaching power-saving levels previously achieved only by much lower speed machines. The product is designed to reach power-saving sleep-mode levels of less...
Eco friendly products and supplies

than 70 watts after a period of non-use. To accomplish this, the machine's power consumption is reduced by 90% from its standby mode. The integrated printer controller coordinates the reduction on the power consumption, turning off each subsystem while ensuring the machine's ability to ‘wake up’ quickly.

During the imaging process, a cloud of toner is suspended over the photoreceptor belt where the fine particles adhere only to the positively charged areas. The ability to develop an image without contact extends the life of the photoreceptor and the developer. Innovative cleaning technologies also minimise wear to the photoreceptor and extend the belt’s life by up to 200%.

The scanner captures light so efficiently that the Nuvera product can use a low-power xenon lamp, replacing the mercury-containing lamp typically used in such applications.

Multifunction devices in the office

By providing our customers with the functions of copying, printing, faxing, scanning and emailing with one machine, we reduce environmental impacts by:

- Reducing the use of material and energy needed to produce the equipment to complete these multiple tasks
- Reducing paper usage (scan-to-fax, scan-to-email, scan-to-electronic repository, duplexing etc)
- Reducing installation space (less lighting, less air conditioning needed, etc)

As an example, a typical WorkCentre Pro multifunction device uses approximately 50% less energy than the combined copier, fax and printer it replaces. All our multifunction machines have gained the Energy Star certification.

“It shows the incredible beauty and at the same time just how fragile nature is.”

Peter & James Maguire
THE ENVIRONMENT

Paper supplies

Paper sourcing

Our Document Supplies Division has an obligation to ensure that the activities of its paper suppliers meet the group’s long-standing commitment to environmental protection and to advance the practice of sustainable forest management.

Fuji Xerox has established standards and criteria for the sourcing of paper products which include a commitment to protecting the environment as well as forests that are of ecological importance. This is achieved by sourcing papers from manufacturers who have demonstrated a commitment to sound environmental and sustainable forest management practices in their own operations, as well as those of their suppliers. Our objective is to protect the health and integrity of forest ecosystems, to conserve biological diversity, soil and water resources, to safeguard forest areas of significant ecological or cultural importance and to ensure that yields can be sustained in the long term.

The key provisions of the Fuji Xerox requirements include:

- A commitment to compliance with all government regulatory requirements including forestry codes of practice and regulations governing the legal harvesting of wood.
- Independent third party certification of supplier-owned or managed forestry operations to a Fuji Xerox accepted sustainable forest management standard, for instance the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC) accreditations.
- The maintenance of a procurement process that ensures compliance with our requirements.
- An effective mill environmental management system including a commitment to continual improvement in environmental performance above and beyond regulatory requirements.
- Strict limits on the use of hazardous materials in the processing of papers or the incorporation of such material as content.
- Environmentally responsible packaging.

Recycled paper

As part of our commitment we offer customers a range of recycled papers specifically engineered for optimal use in copying and printing equipment and for general use in their business.

Some of the recycled papers we offer include:

Green Wrap – contains 60% recycled fibre manufactured in Australia from Australian waste and 40% new fibres sourced from sustainably managed plantations. The Shoalhaven Paper Mill in NSW manufactures Green Wrap to stringent Fuji Xerox specifications. The pulp mills and the Shoalhaven Paper Mill are certified under international environmental standard ISO 14001.

Recycled Supreme – available in high white and colour and manufactured from 100% post-consumer waste, de-inked and bleached in a totally chlorine free process. Recycled Supreme is manufactured in a leading European mill that maintains an ISO 14001 certified Environmental Management System.
“Paper is very tactile, we have not surrendered the need to have something in our hands, paper is so easy to take around, it can be recycled... I think people's perception will change, people are becoming more demanding, they have stronger views on the look of paper. Especially with colour. I think we will see colour becoming more common place with everyone.

In 1996, I was given a project to develop a recycled paper that will overcome the issues that customers had with recycled paper. People saw recycled paper as dusty, grey in colour, damaging to their machines and too expensive. At that time, I was given a very simplistic brief: to build a 50% recycled paper that will be of the same colour, same performance and the same cost as an ordinary paper. And this is what I did and I did it in Australia. After a lot of market research, we launched Green Wrap in 1997. In April 1999, we received the Earth Award from Xerox Corporation and Green Wrap was chosen as the Official Paper for the 2000 Sydney Olympics.

The involvement with the paper maker has been fundamental; I spent a lot of time with the mills, talking to people and briefing them on our special needs and improvement expectations.

Green Wrap has been a great success story and will continue to grow and at the same time support our drive to reduce waste to Australian landfill.”
Fuji Xerox Australia's overall environmental impacts for FY2005 can be summarized as follows:

<table>
<thead>
<tr>
<th>2005 environmental impact</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emissions</td>
<td>9102 tonnes</td>
</tr>
<tr>
<td>Waste</td>
<td>3421 tonnes</td>
</tr>
<tr>
<td>Water usage</td>
<td>4767 kl</td>
</tr>
</tbody>
</table>

Some of the environmental improvement programs we implemented include the following:

**Energy savings**

The reduction of electricity consumption at all sites has been achieved through:

- powering off PC's and lights at night,
- setting hot water thermostats to 55 degrees
- automating control of warehouse lighting
- conversion of our service vehicles to LP Gas (completed in the year under review yielding an annual reduction in CO₂ emissions of 509 tonnes).

<table>
<thead>
<tr>
<th>2005 CO₂ emissions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity, Gas</td>
<td>7114 tonnes</td>
</tr>
<tr>
<td>Fuel</td>
<td>497 tonnes</td>
</tr>
<tr>
<td>LPG</td>
<td>1492 tonnes</td>
</tr>
<tr>
<td>Total emissions</td>
<td>9102 tonnes</td>
</tr>
</tbody>
</table>

**Waste recycling**

Processes for cardboard, paper, metal, toner, batteries, soft plastics, bottles, cans and polystyrene recycling have been implemented.

Fuji Xerox Australia's waste by type and destination for 2005 is shown in the following table.

<table>
<thead>
<tr>
<th></th>
<th>Recycled</th>
<th>Landfilled</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General waste</td>
<td></td>
<td>692 tonnes</td>
<td>692 tonnes</td>
</tr>
<tr>
<td>Metal</td>
<td>1291 tonnes</td>
<td></td>
<td>1291 tonnes</td>
</tr>
<tr>
<td>Office paper</td>
<td>111 tonnes</td>
<td></td>
<td>111 tonnes</td>
</tr>
<tr>
<td>Cardboard</td>
<td>529 tonnes</td>
<td></td>
<td>529 tonnes</td>
</tr>
<tr>
<td>Plastic</td>
<td>32 tonnes</td>
<td>250 tonnes</td>
<td>282 tonnes</td>
</tr>
<tr>
<td>Polystyrene</td>
<td>5 tonnes</td>
<td></td>
<td>5 tonnes</td>
</tr>
<tr>
<td>Pallets</td>
<td>233 tonnes</td>
<td>66 tonnes</td>
<td>299 tonnes</td>
</tr>
<tr>
<td>Toner</td>
<td>106 tonnes</td>
<td>106 tonnes</td>
<td>212 tonnes</td>
</tr>
<tr>
<td>Total</td>
<td>2307 tonnes</td>
<td>1114 tonnes</td>
<td>3421 tonnes</td>
</tr>
</tbody>
</table>

Our objective is to achieve a situation by December 2006 where only putrescible garbage and a small amount of unsortable waste goes to landfill.

**Environmental compliance**

Environmental compliance is assessed by our environment team every year or each time there is a change in legislation. A Compliance and Legal and Other Requirement Register is maintained for each site and gets audited under our ISO 14001 Environmental Management System. All our sites have been assessed compliant with current environmental legislation.
Environmental education

Environmental education and communication has been a key element of our environment strategy over the past few years. In the year under review, we did further work on the education of our staff and work with our customers, reflecting both our pride in our achievements and our desire to take a leadership role in the promotion of environmental activities. Only through the buy-in and commitment of our staff and other stakeholders, will we be able to achieve the continuous improvement in our environmental performance that we aspire to.

Some of the programs include:

- Eco-literacy education training for all our employees. The training, revamped in 2005, gives our staff an overview of global environmental issues and how we can contribute to reduce environmental impacts in the business.
- A stakeholder education package ‘Fuji Xerox and the Environment’ addressing the environmental implications of our products and processes and delivered this to a number of customers.
- Providing speakers to talk about our achievements at various seminars and conferences during the year.
- Ongoing environmental education for our staff covering waste recycling, internal paper usage, electricity consumption, etc.
- Provision of an electronic newsletter, EnviroNews, that keeps staff up-to-date with the latest happenings environmentally both in and outside the business.
- Green Purchasing Guide and Assessment Tool to assist employees in making wise choices when purchasing goods for the office.
- Inclusion of an environmental module in our sales training program to better equip our sales people to handle environmental queries from customers and to demonstrate the environmental features of our products.

Next year, we plan to introduce more environmental education activities such as involvement in bush regeneration projects and the launch of an environment award program to further enhance environmental awareness and motivation within our workforce.

Environmental disclosure

Some of our recent disclosure initiatives include:

- Our parent Fuji Xerox Company Limited publishes an annual Sustainability Report which is now complemented by our own Fuji Xerox Australia report to give more insight on our local activities.
- We release environmental information on our company external website: www.fujixerox.com.au. We have also developed our own ‘Eco’ website called Officecare. It is designed to assist businesses in being ‘green’ in their office. It contains tips and audit kits to help businesses in assessing their environmental impacts and developing improvement programs.
- Increasing the number of media releases covering our environmental activities. We also included updates in most of our corporate communications such as our Inspirations Magazine sent to our customers and our Staff News Magazine.
- During the reporting period, we included a common environmental statement in all our products brochures.
- Since 2004, a section of our Document Supplies Division catalogue (hard copy and online version) has been dedicated to green products and initiatives.
- Our Eco Manufacturing Centre released a DVD profiling our remanufacturing operations.
- We released our environmentally friendly e-bags that we share with our staff and customers.
THE ENVIRONMENT

Remanufacturing

The concept of remanufacturing

Fuji Xerox was an early adopter of re-use and recycling as an imperative. As early as the mid 80s, we started to substitute the word ‘new’ in contract documentation with ‘newly manufactured’ and to insert additional words to define products as incorporating some recycled parts. Since then, remanufacturing has been increasingly part our of business culture and Fuji Xerox Australia is committed to provide a take-back program for all our parts and products at end-of-life for remanufacturing and recycling.

Fuji Xerox Australia Eco Manufacturing Centre

Prior to the establishment of a remanufacturing facility, Australia relied on imported spare parts, while used parts were discarded. To reduce material costs, turn around time and the amount of waste being sent to landfill, a group of three engineers established a remanufacturing operation in 1993, taking back used copier parts and restoring them to ‘as good as new’, if not better condition. Our operation has enjoyed a 20% year on year growth since 1993 and now employs over 100 staff. Our Eco Manufacturing Centre now imports end of life parts from the Asia Pacific region and exports ‘as new’ remanufactured parts to nine countries.

Our Eco Manufacturing Centre conducts four componentry operations for the remanufacture of mechanical sub assemblies, fuser rollers, electronic sub assemblies and laser optical systems. All our operations utilise a unique software technology called Signature Analysis that enables us to assess used components life cycle and identify what has failed and why. We can then re-engineer the product to bring it back to original standards or we can use the findings to identify inherent faults and build improvements to both existing products and new product designs.

In the year under review, we successfully remanufactured a total of 217,714 pieces, diverting 758 tonnes of waste from going to landfill.

Remanufacturing has its roots in cost efficiency, but is increasingly becoming recognised for its environmental benefits. Not only does our act of remanufacturing reduce demand for raw materials, reduce energy consumption and reduce waste to landfill, our Eco Manufacturing Centre’s environmental policy also adopts the use of sustainable processes. For instance, our engineers have developed remanufacturing processes that eliminate the use of solvents. In one example we have developed an extremely effective and environmentally friendly cleaning process that utilises dry ice for the cleaning of components that carry toner dust and grease residue. In another environmentally friendly solution we have developed a non-toxic technique for stripping and cleaning fuser rollers using bi-carbonate of soda, which is then re-used as an acid neutraliser by the recycling industry. Furthermore, as a result of such processes, our water usage is minimal and any water that is used is filtered and recycled.

Our environmental practices also extend to the design of our packaging where all packaging we use is made from recycled materials and is reusable, with some packaging going from factory to customer up to three times.

Overall, our remanufacturing operation saves us on average $25 million per year in asset recovery and earns us an export revenue of $5 million per year. These figures are set to grow in 2005/6.

Our Eco Manufacturing Centre now accounts for 80% of Fuji Xerox Australia’s spare parts requirements. These spare parts would have otherwise gone to landfill and been replaced by imported new parts. The remanufacture of office equipment components has diverted an estimated 1.5 million major part assemblies from landfill since 1993.

Our centre has been highly recognised (refer to page 28 for list of awards) and featured in academic research including by Professor Dexter Dunphy as a case study of excellence in sustainable manufacturing practices. Our centre has hosted numerous environmental students from the University of NSW, the University of Technology, Sydney, University of Sydney and Macquarie University.
**Remanufacturing**

**Fuji Xerox regional integrated recycling system**

In December 2004, Fuji Xerox opened a new recycling facility in Chonburi, Thailand, as part of its commitment to ensure a full end-of-life product recycling system for all countries of the region.

This new facility, now employing more than 100 people, is designed to receive products from nine Fuji Xerox companies across the Asia Pacific region including Australia, New Zealand, Korea, Indonesia, Malaysia, the Philippines, Singapore, Hong Kong and Thailand. Fuji Xerox has been successfully running a ‘state of the environmental art’ recycling plant in Japan for the last two years and the new facility in Thailand replicates the Japanese site.

Under the program, the group will recycle some 20,000-30,000 items of equipment and up to 500,000 supplies cartridges each year. The facility is designed to match its sister facility in Ebina, Japan and is expected to consistently achieve 99% plus resource recovery.

“For Corporate Social Responsibility to be effective it needs to go beyond words. At the Eco Manufacturing Centre our environmental commitment is integrated into the way we do business. Communication takes place in many different ways and it is important to ensure that in my job the spoken and written format reinforces Fuji Xerox’s commitment to Corporate Social Responsibility.”

Anne Cherry  
Eco Manufacturing Centre  
Communications Manager
Fuji Xerox Printers

This appendix has been provided by Peter Diprose, Environment Manager at Fuji Xerox Printers as a brief overview of the operations of Fuji Xerox Printers, a division of Fuji Xerox Company Limited, who distribute printers in Australia totally independently of the Fuji Xerox Australia Group of companies.

Fuji Xerox Printers (a branch of Fuji Xerox Company Limited of Japan) distributes colour and monochrome printers and multifunction devices across the Asia Pacific region. Fuji Xerox Printers is committed to creating products, services and technologies which enrich the lives of our customers – a single philosophy which unites our operations across 12 different cultures in the Asia Pacific region. Fuji Xerox Printers currently employs 80 people within Australia, having experienced rapid growth since its inception in 2003. By the end of March 2005, Fuji Xerox Printers had sold almost 12,000 printers during the fiscal year, achieving 60% unit growth (Fuji Xerox Printers has been widely recognised in the industry as the fastest growing printer company in the region). Exciting in itself, this achievement also highlights great potential for continued growth and development in the future.

However, with this growth comes a responsibility to our customers and the community. Environmental problems of the 21st century, such as global warming and rapid deforestation, now pose a sense of urgency in finding sustainable solutions. In response, Fuji Xerox Printers developed many new initiatives during 2004. These are based upon a formal and continuing commitment to reduce our energy and resource consumption across the company. To give an example of this, our Australian operation now purchases electricity produced solely from renewable sources. This will significantly offset the greenhouse gas emissions generated by our business activities and the eventual intent is using this as part of a program to become a completely ‘carbon-neutral’ organisation. Our annual CO2 output was reduced by 16% over the previous year, which becomes even more impressive when taking into consideration that during the same period staffing levels increased by 28%.

With regard to resource depletion, we have reduced paper consumption by 20% through staff awareness campaigns and increased the use of recycled paper from less than 1% to more than 40%. We are in the process of converting our service vehicle fleet to either LPG or smaller capacity four cylinder cars in order to reduce associated emissions and currently 73% are now eco friendly vehicles.

Fuji Xerox Printers supports Greening Australia through funding of community based tree plantings. During 2004 we successfully completed the direct seeding of 5,500 native trees and shrubs in the ACT along the headwaters of Tarpaulin Creek, a tributary of the Murumbidgee River, and a further 500 planted earlier in the year below Mt. Stromlo to assist in the regeneration of native bushland following the devastation of the 2003 bushfires.

In Australia, we achieved ISO 14001 certification for all six sites by November 2003. Internationally we have also been certified under the ISO 14001 standard in New Zealand, Singapore, Taiwan and Korea. This certification ensures that we continuously improve our Environmental Systems through frequent Plan-Do-Check-Act management cycles.

Many Fuji Xerox Printers products are now certified under the Australian Environmental Labelling Association’s Eco Label ‘Good Environmental Choice’ declaration. Independently audited Eco-labelling ensures consumer confidence that the product considered for purchase has met national standards for environmental performance. The printers were awarded this accreditation for meeting various criteria, including no CFCs used in manufacture, electrical safety compliance, energy efficiency, environmentally friendly packaging, low ozone and low dust concentration. The printers that now carry the eco label are the Phaser 8200, Phaser 8400, Phaser 7750, DocuPrint C2428, DocuPrint 240A, DocuPrint 340A, DocuPrint 205, DocuPrint 305 and DocuPrint C525A. The comments made in the report to which this appendix is annexed relating to design for the environment initiatives taken by the Fuji Xerox Group equally apply to all products distributed by Fuji Xerox Printers.

Fuji Xerox Printers arranges remanufacturing of selected toner cartridges through our close partnership with the Fuji Xerox Australia Eco Manufacturing Centre, and we are accepting end-of-life printers for recycling as part of our product stewardship responsibilities.

A core belief shared by all of the Fuji Xerox Printers management team is that good citizenship is good business. It’s good for our communities, good for our people... and, ultimately, good for Fuji Xerox. It means protecting our employees, our communities, and the environment from harm, and it means striving toward a sustainable world.
<table>
<thead>
<tr>
<th>Objective</th>
<th>2004 Achievement</th>
<th>2005 Achievement</th>
<th>2006 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ reduction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO₂</td>
<td>117 tonnes</td>
<td>98 tonnes</td>
<td></td>
</tr>
<tr>
<td>Improvement</td>
<td></td>
<td>16%</td>
<td>36%</td>
</tr>
<tr>
<td>Zero waste to landfill target</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total emissions</td>
<td>134 tonnes</td>
<td>111 tonnes</td>
<td></td>
</tr>
<tr>
<td>Landfill</td>
<td>1 ton</td>
<td>2.5 tonnes</td>
<td></td>
</tr>
<tr>
<td>Landfill %</td>
<td>.75%</td>
<td>2.3%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Internal paper usage reduction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4.7 tonnes</td>
<td>3.8 tonnes</td>
<td></td>
</tr>
<tr>
<td>Reduction</td>
<td>20%</td>
<td></td>
<td>13%</td>
</tr>
<tr>
<td>ISO 14001 site certification</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sites certified %</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Selling eco conscious products to customers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of eco conscious products %</td>
<td></td>
<td>90%</td>
<td>90%</td>
</tr>
</tbody>
</table>

“It represents everything we need for a pollution free environment – blue sky, clean air, renewal and regrowth of a pristine rain forest.”
Beth Huggard
<table>
<thead>
<tr>
<th>Vision and Strategy</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of vision and strategy regarding sustainable development</td>
<td>p. 4</td>
</tr>
<tr>
<td>Statement from the CEO</td>
<td>p. 3</td>
</tr>
<tr>
<td><strong>Profile</strong></td>
<td></td>
</tr>
<tr>
<td>Organisation profile</td>
<td>p. 6</td>
</tr>
<tr>
<td>Report scope</td>
<td>p. 2</td>
</tr>
<tr>
<td>Report profile</td>
<td>p. 2</td>
</tr>
<tr>
<td><strong>Governance structure and management systems</strong></td>
<td></td>
</tr>
<tr>
<td>Structure and governance</td>
<td>p. 10</td>
</tr>
<tr>
<td>Stakeholder engagement</td>
<td>p. 12</td>
</tr>
<tr>
<td>Overarching policies and management systems</td>
<td>p. 8</td>
</tr>
<tr>
<td><strong>GRI content index</strong></td>
<td></td>
</tr>
<tr>
<td>Table identifying the elements of the GRI report content</td>
<td>p. 44</td>
</tr>
<tr>
<td><strong>Performance indicators</strong></td>
<td></td>
</tr>
<tr>
<td>Integrated indicators</td>
<td>–</td>
</tr>
<tr>
<td>Direct impact</td>
<td>p. 6</td>
</tr>
<tr>
<td>Indirect impact</td>
<td>–</td>
</tr>
<tr>
<td><strong>Environmental performance indicators</strong></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>p. 32</td>
</tr>
<tr>
<td>Energy</td>
<td>p. 32, 38</td>
</tr>
<tr>
<td>Water</td>
<td>p. 38</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>–</td>
</tr>
<tr>
<td>Emissions, effluents and waste</td>
<td>p. 32, 38</td>
</tr>
<tr>
<td>Suppliers</td>
<td>p. 33</td>
</tr>
<tr>
<td>Products and services</td>
<td>p. 33</td>
</tr>
<tr>
<td>Compliance</td>
<td>p. 38</td>
</tr>
<tr>
<td>Transport</td>
<td>–</td>
</tr>
<tr>
<td>Overall – expenditures</td>
<td>–</td>
</tr>
<tr>
<td><strong>Social performance indicators</strong></td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>p. 15</td>
</tr>
<tr>
<td>Labour/management relations</td>
<td>p. 17</td>
</tr>
<tr>
<td>Health and safety</td>
<td>p. 18</td>
</tr>
<tr>
<td>Training and education</td>
<td>p. 15</td>
</tr>
<tr>
<td>Diversity and opportunity</td>
<td>p. 16</td>
</tr>
<tr>
<td>Human rights – strategy and management</td>
<td>p. 18</td>
</tr>
<tr>
<td>Human rights – non discrimination</td>
<td>p. 16, 18</td>
</tr>
<tr>
<td>Human rights – freedom of association and collective bargaining</td>
<td>–</td>
</tr>
<tr>
<td>Human rights – child labour</td>
<td>p. 18</td>
</tr>
<tr>
<td>Human rights – forced and compulsory labour</td>
<td>p. 18</td>
</tr>
<tr>
<td>Human rights – disciplinary practices</td>
<td>–</td>
</tr>
<tr>
<td>Human rights – security practices</td>
<td>–</td>
</tr>
<tr>
<td>Human rights – indigenous rights</td>
<td>–</td>
</tr>
<tr>
<td>Society – community</td>
<td>p. 24</td>
</tr>
<tr>
<td>Society – bribery and corruption</td>
<td>–</td>
</tr>
<tr>
<td>Society – political contribution</td>
<td>–</td>
</tr>
<tr>
<td>Society – competition and pricing</td>
<td>–</td>
</tr>
<tr>
<td>Product responsibility – customer health and safety</td>
<td>p. 20</td>
</tr>
<tr>
<td>Product responsibility – products and services</td>
<td>p. 20</td>
</tr>
<tr>
<td>Product responsibility – advertising</td>
<td>–</td>
</tr>
<tr>
<td>Product responsibility – respect of privacy</td>
<td>p. 23</td>
</tr>
</tbody>
</table>
"The photo captures the upward and forward thinking needed for the Environment. The direction the pelican is taking flight, out towards the horizon reflects that there should be no boundaries when the environment is concerned and the approach we should take”

Stephen Cooley