# Contents

## Foreword
- Reporting principles 2
- Message from our Managing Director 4
- Summary 6

## Our Business
- Corporate profile 8
- Corporate governance and structure 11
- Business impacts and stakeholder relationships 14

## Our Stakeholders
- Our employees 16
- Our customers 22
- Our community 29
- Human rights and ethics 32

## Our Environment
- Product environmental impact 36
- Extended producer responsibility 42
- Activities environmental impact 43
- Engaging people to protect our environment 48

## Assurance
- Report assurance statement 53

## Appendices
- Message from our sister company, Fuji Xerox Printers 56
- GRI content index 58

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How is our business going? 9

Why should you work and keep working for us? 16

How safe are our machines for people and for the environment? 26

What are we doing to support the community? 30

Where is our paper coming from? 37

Do we take responsibility for end-of-life products? 42

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Printed on Australian made 60% recycled Green Wrap paper on DocuColor 6060.
Feedback from last year’s report

Last year was our first attempt at reporting in this sustainability framework, we sought feedback from various stakeholders in different ways:

- We sought feedback from key Customers.
- We conducted a Sustainability Report feedback workshop with employees.
- We conducted a “critical friends” workshop seeking feedback from a panel of Sustainability Reporting and Corporate Social Responsibility experts.

Although the overall feedback was largely positive, some opportunities for improvement were identified and the way we have addressed them can be summarised in Table 1.

Front cover & images

For our first Sustainability Report, we chose to involve our employees in the design of the document by running a photo competition for the front cover of the report. Not only the response from our staff was fantastic, but our Policy Committee Members have shown a great interest and enthusiasm in reviewing the submissions, visibly impressed by the outstanding quality of the entries. This year’s front cover again displays one of our employee’s photos as a reflection on the concept of sustainability.

Message from this year’s front cover Photo Competition Winner:

“I’m glad I work for a company that is committed to protect the future of our children”

ANDREW SCOTT,
Senior Account Executive, Adelaide office.

Reporting scope

This report covers all Fuji Xerox Australia Group (see chart, page 11) sites and activities in Australia.

It also incorporates in appendix 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 2006 (FY05/06).
Table 1

<table>
<thead>
<tr>
<th>Feedback we have received</th>
<th>Our response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General feedback</strong></td>
<td></td>
</tr>
<tr>
<td>the report should desirably be externally verified</td>
<td>this year we have engaged Banarra to externally assure our report</td>
</tr>
<tr>
<td>there should be a summary at the front of the report</td>
<td>we have included a short summary at the beginning of the report</td>
</tr>
<tr>
<td>there should be a better balance between the ‘environmental information’ and the rest of</td>
<td>we have made an effort to better balance our business, social and environmental reporting</td>
</tr>
<tr>
<td>the report should be expressed more clearly throughout the report</td>
<td>we have made an effort to better highlight the challenges we face and the way we respond to them</td>
</tr>
<tr>
<td><strong>Feedback on content</strong></td>
<td></td>
</tr>
<tr>
<td>the business/financial section of the report should be more comprehensive and relevant</td>
<td>although we think we have done better than last year, we continue to work on this one</td>
</tr>
<tr>
<td>the social section should include more quantitative data and information on key</td>
<td>we have included more data relevant to our key stakeholders, our employees and our customers</td>
</tr>
<tr>
<td>stakeholder issues</td>
<td></td>
</tr>
<tr>
<td>the environment section should cover the topics of water, biodiversity and local</td>
<td>we have made an effort to consider reporting on these topics and decided to start reporting on the topic of water only, although we believe biodiversity is a component of our paper sourcing practices reviewed in our paper section</td>
</tr>
<tr>
<td>community and environment</td>
<td></td>
</tr>
<tr>
<td><strong>Feedback on layout</strong></td>
<td></td>
</tr>
<tr>
<td>the report could include more links to the Fuji Xerox Company Limited Sustainability</td>
<td>throughout the report, we have included some links to external web pages including our Fuji Xerox Company Limited Sustainability report</td>
</tr>
<tr>
<td>Report availability</td>
<td></td>
</tr>
<tr>
<td>Our Sustainability Report is produced annually and available on our external website.</td>
<td>(Hard copies are supplied on request.)</td>
</tr>
<tr>
<td><strong>References</strong></td>
<td></td>
</tr>
<tr>
<td>Sustainability Reporting Guidelines — Global Reporting Initiative, 2002</td>
<td></td>
</tr>
<tr>
<td>Sustainable Development Reporting, Striking the Balance — World Business Council for</td>
<td></td>
</tr>
<tr>
<td>Sustainable Development, 2002</td>
<td></td>
</tr>
<tr>
<td>Fuji Xerox Company Limited Sustainability Report 2005</td>
<td></td>
</tr>
</tbody>
</table>

Contact details:

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 and provided feedback on last year’s report. The release of this report wouldn’t have been possible without your precious assistance and input.
Our raison d’être as a business is to facilitate the utilisation of knowledge, a function that in itself lies at the heart of sustainability. To continue the orderly development of the world in a way that is sustainable, we will more and more rely on an ever widening diffusion of knowledge, information and wisdom. We seek to play a key role as an enabler in this process.

Many of us are still searching for the perfect definition of sustainability, at Fuji Xerox Australia, it has a simple meaning; running our business in a way that we will still be here in the long term. This objective applies equally to our parent company and our Australian operations. To do that, not only do we need financial results to secure the future of the company but we also need to care for our employees so that they enjoy and continue working with us, we need to exceed our customer’s expectations by providing them with competitive products and services and we need to care for the broader community and the environment as a fundamental legacy for future generations.

Compiling what we saw as our contribution to the challenge of sustainability in a single document was a real learning experience when we produced our first Sustainability Report last year. It has enabled us and our stakeholders to better appreciate how our organisation is embracing the task of becoming a sustainable business. This is our second attempt in reporting at this level and we hope our readers will value our effort to present a balanced picture of our financial, social and environmental performance.

Originally borrowed from our parent company, we like to use the metaphor “Strong, Kind and Interesting” to encapsulate how we see ourselves walking the path to sustainability. Strong with regard to the way we manage our business and the quality of the products and solutions we bring to market; Kind in terms of our dealing with people and the environment; and Interesting in respect of the challenges and innovations we present to our employees and customers respectively.

The year under review has been a very successful one with revenues for the Fuji Xerox Group in Australia increasing by 11.6% completing four straight years of healthy revenue and profit growth. Our challenge now is one of how to ensure that we focus on further improvement in all that we do rather than on the success we have achieved.

We have continued to enjoy outstanding acceptance of our colour products since year end, moving to a position where the majority of installations into the office are colour enabled. The launch of our ApeosPort and DocuCentre model ranges during the year has created an array of products that ranges from no frill entry level functionality to sophisticated workflow solutions. We have also continued our leadership of the high volume colour and black and white production printing market installing a further 4 of our flagship iGen 3 model production colour printers as one element of this leadership. Very high levels of growth were again enjoyed by our Fuji Xerox Global Services business with our equipment servicing and supplies businesses also continuing to grow.

Customer satisfaction has remained our key lead indicator of likely future business success, with all surveys conducted during the year showing positive results and more importantly improvements in our key measures of satisfaction. Our surveying of employee satisfaction has continued to provide us useful information on issues to address in the business including an overall recognition that whilst we are respected as a good employer the level of financial remuneration we offer is not top of market, something we have had to balance against long term measures we need to achieve in the business to match our competitors. In response to a concern expressed through our employee survey, we introduced a further recognition program during the year called The Winning Edge to recognise role model behaviour in our employee group.
We have continued to explore community engagement opportunities during the year. In one development we have seen an initiative to provide support to an inner city Sydney disadvantaged school emerge from an exploratory visit arranged by United Way, an entity that we have partnered with for some time in this area. In addition the later part of the year has seen us explore an engagement with the Australian Business Community Network. The challenge going forward is very much to find engagements that fit our employee stakeholders’ interests, and ideally to find engagements that capitalise on core skills of the business and that lend themselves to deployment across the business.

In respect of our responsibility for the environment we have continued to work on our Zero Waste to Landfill objective and have shown some useful improvements during the year. In particular a promising project is underway for the use of waste toner as an alternative fuel. We continued to use our Thailand Eco Manufacturing centre for the disposal of end of life equipment to achieve a 99.4% resource recovery and regard this as a key differentiator of our business. We also spent some time in promoting the sustainability agenda either in submissions to government or through supporting the works of others already promoting the need for sustainable development. Some time was also spent lobbying government on the need to have greater regard to the environment in their buying practices. We regard this as an area that we as a community must demand more on.

In today’s world, more than supplying products and services needs to be expected from corporations, especially from large organisations like ours. Our stakeholders are expecting us to engage them on the journey to sustainability. The challenge for us is not to have a sustainability strategy that sits in parallel to our business strategy, but rather to incorporate sustainability as a core element of the business. Sustainability has to be part of the way we do business, because we will not succeed if we are not sustainable.

Although this falls beyond the scope of this year’s report, I couldn’t conclude this opening message without mentioning our recent commitment to purchase 100% green electricity for all our sites in Australia by year 2010. This decision reflects our willingness to improve our performance and reduce the impacts of our activities on our environment and our community. We recognise that we need to be what our stakeholders expect and act as leaders in helping to find the way forward.

We welcome your feedback, we know we are not perfect but we are striving to improve. Any suggestion, criticism or compliment on this report and on our activities will assist us in moving forward on our way to being the “strong, kind and interesting” organisation that we aspire to be.

ANDY LAMBERT
Managing Director
Summary – highlights of the year

our business

~ Record revenue growth, from A$ 566 M to A$ 632 M
~ Release of our first Sustainability Report

our stakeholders

~ Increased employee satisfaction to 76% from 74% (previous survey)
~ Launch of a new employee recognition program called the Winning Edge
~ Over 94% of customers satisfied
~ New community partnerships with the Australian Business Community Network and the Redfern Waterloo Authority

our environment

~ Fuji Xerox Company Limited wins the Energy Conservation Center Award for 7 years in a row
~ Launch of the first ever multifunction printer using the eco friendly solid ink technology
~ Launch of the eco friendly aycan x-ray print technology
~ Completed development of an improved version of our Green Wrap recycled paper
~ Relocation of our Canberra Branch to a sustainable building
~ 29% reduction in waste to landfill
~ 8% reduction in measured CO₂ emissions
our business
{ helping people share knowledge }

1 vision  7 core values  17 sites in Australia
1609 employees  A$632m. revenue
Our Vision

Helping organisations to share knowledge through people and technology.

Our Corporate values

<table>
<thead>
<tr>
<th>Our Corporate values</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieving greater success through teaming</td>
<td>We work together to succeed</td>
</tr>
<tr>
<td>Ethics &amp; Integrity</td>
<td>We maintain the highest level of business ethics</td>
</tr>
<tr>
<td>Customer first</td>
<td>We succeed by satisfying our customers</td>
</tr>
<tr>
<td>Environmental responsibility</td>
<td>We are committed to environmentally safe practices</td>
</tr>
<tr>
<td>Corporate citizenship</td>
<td>We behave responsibly as a corporate citizen</td>
</tr>
<tr>
<td>Celebrating success</td>
<td>We celebrate our successes</td>
</tr>
<tr>
<td>Continuous improvement</td>
<td>We continuously improve the way we work</td>
</tr>
</tbody>
</table>

Our products and services

Fuji Xerox Australia is The Document Company, we supply products and solutions that help maximise the utilisation and distribution of knowledge. We provide hardware, software and services that enable organisations, ranging from large multinational corporations and government through to small businesses, to capture and share knowledge.

Knowledge is one of the most important corporate and individual assets, sharing that knowledge is a key success factor to any organisation, large or small. We offer a broad range of products that represent the engine room of the knowledge sharing process, products that can print, scan, copy and fax, in most cases from a single unit of equipment. We complement these devices with a range of document management software solutions.

While our largest printer products can print hundreds of pages a minute, our smallest printers sit in the office workstation. The majority of our products are colour capable, colour often being used by organisations as a strong differentiator, a way of standing out amongst others. We also offer a range of paper products and supplies, for use in both our own products and those of our competitors. The provision of service in respect of all the products we sell is also a major part of our offering. More and more our lead offering to major customers is a total service encompassing all of these components that will help them manage and share information.

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.”
Business performance

The year to 31st March 2006 was a record one for the Fuji Xerox Group in Australia where we achieved a 4th consecutive year of revenue growth with a growth of 11.6%, the highest achieved since 1995 (see Figure 1).

Profitability likewise increased, with profit after tax as a return on total assets of the group increasing to 9.4%. A position we have been able to progressively move into since the low returns experienced in the first two years of the millennium. The Group continued the increase in its asset position to just over six hundred million dollars reflecting further growth in receivables funded by the Group.

Table 2 provides a summary of payments made to some key stakeholder interest groups during the year. No dividend was paid to shareholders in respect of their investment in the group that stood at some $193 million at year end.

<table>
<thead>
<tr>
<th>Payments to our people</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and commissions to employees</td>
<td>98,561</td>
<td>100,543</td>
</tr>
<tr>
<td>Holiday Pay to employees</td>
<td>7,681</td>
<td>8,257</td>
</tr>
<tr>
<td>Long Service leave to employees</td>
<td>2,271</td>
<td>1,955</td>
</tr>
<tr>
<td>Superannuation contributions for employees (company contribution)</td>
<td>5,949</td>
<td>6,687</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payments to our government</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company tax</td>
<td>1,645</td>
<td>14,471</td>
</tr>
<tr>
<td>Gross GST</td>
<td>40,786</td>
<td>47,275</td>
</tr>
<tr>
<td>Payroll tax</td>
<td>7,102</td>
<td>8,097</td>
</tr>
<tr>
<td>Group tax</td>
<td>29,451</td>
<td>31,664</td>
</tr>
<tr>
<td>Stamp duty</td>
<td>1,344</td>
<td>1,396</td>
</tr>
<tr>
<td>Council rates</td>
<td>101</td>
<td>104</td>
</tr>
</tbody>
</table>
Corporate profile

The record revenues of the Fuji Xerox Group in Australia reflect first class achievements in all areas of the business during the year and an understanding that we enjoy market leadership in respect of all principal categories of equipment supplied. This position is consistent with the results of a cross market place survey of customer perceptions conducted by our parent company in the last months of the year under review. Whilst this position is appreciated it is not taken for granted and it is recognised that even greater effort will be required to maintain this position.

Our sales of office equipment reached record levels of over 14800 units this year — of these in excess of 5500 installations were colour enabled products. The launch during the year of our ApeosPort and DocuCentre products leaves our offering the broadest possible array of Multifunctional Device solutions available, with offerings from no frills entry level functionality to sophisticated network workflow solutions on products that range in speed from fifteen pages per minute to in excess of one hundred.

Net placements of high end production equipment into the graphic arts and publishing market grew by 170 units increasing the number of machines in the field to more than 1700 at year end. This increase was largely due to the acceptance of the Fujhin Product with its high reliability. Sales of production colour equipment continued to grow underpinned by the release of the DocuColor 8000 and DocuColor 7000 products, whilst the number of iGen3 Installation continued to grow.

Fuji Xerox Global Services continued to experience high rates of growth during the last financial year, increasing non equipment, services based revenue by 40%. Our Global Services business works with clients to manage and improve their document intensive business processes. By taking an organisation wide view of their documents, Fuji Xerox Global Services examines how a client’s documents are designed, created, stored, shared and delivered and how this impacts upon their business. On site or centrally hosted solutions are then created to deliver measurable business results to customers from consulting, imaging, design, archiving, print, mailroom and financial process offerings. The result — customers who are able to: work more efficiently by focusing on their core business, produce more effective documents, reduce their costs, and better serve their customers.

Revenues from the servicing of products grew by 8% versus the preceding year. This growth largely reflected the continued transition of the market to colour. Reflecting a similar pattern, revenues of our Document Supplies business continued to grow achieving an increase in revenues of 1.5% with the volume of paper supplied in the year increasing by 3.2%. Customer take up of recycled-content paper continued to disappoint with recycled content product comprising 9.1% of paper supplied.
Corporate governance and structure

Fuji Xerox Australia Parentage

Fuji Xerox Australia is a sales and marketing subsidiary of Fuji Xerox Company Limited, a multinational corporation based in Japan.

Organisation

We conduct our business through four principal sales and marketing divisions:

**Integrated Sales Division**
Sells the complete range of office copier, printer and multifunctional devices to government and commercial customers Australia wide, in non metropolitan areas through a network of 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 multifunctional device fleet management to full business 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.

Supplementing the above divisions are the following support and operational functions:

**Customer Service Organisation**
Provides software and hardware support services to our customers across the country.

**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, Finance, Corporate Affairs, incorporating Legal and Sustainability, perform services that support the operational divisions of the business. Each division and function is headed by a General Manager, each of whom reports to our Managing Director.
Corporate governance and structure

Direction and control

Fuji Xerox Australia receives operational direction from the Fuji Xerox International Business Group based in Shanghai, China. 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. There is a series of management meetings that cover the ongoing operation of Fuji Xerox Australia, the majority of which are represented in Figure 3.

Figure 3

Corporate governance and structure

In addition to the corporate meeting agenda outlined above, 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 resources succession planning. More regular in-function and ad-hoc cross-functional meetings are also held across the business addressing functional priorities and cross-functional co-ordination, particularly in the area of problem solving.
Management systems and auditing

Quality, environment and occupational health and safety
This year again we have renewed our Fuji Xerox Australia group certifications to ISO 9001 and ISO 14001 for our quality and environmental management systems. We have upgaed our ISO 14001 certification to the latest version of the standard, which improves compatibility with the ISO 9001 standard and clarifies some of the requirements. Our transition from the ISO 14001:1996 standard to the ISO 14001:2004 standard was supported by our parent company Environmental Management Group who developed a guideline to assist us in responding to the new standard.

Although our occupational health and safety management system is not independently certified, its underlying procedures and processes falls under the scope of our environmental management systems internal and external audits. Both our quality and environmental management systems are currently audited by SAI Global.

Across this report, we reflect on the progress we have made, in managing our business, the safety of our employees and our impact on the environment, in line with our commitment to continuous improvement, a fundamental component of our management systems.

Financial audit
Our fiscal integrity is assured by a financial audit conducted by Ernst & Young who also conduct the audit of our parent company. The financial statements for each of the three companies comprising the Fuji Xerox Group in Australia have been placed on the public record having been filed with the Australian Securities and Investment Commission. Each company’s audit report is free of qualification.

Regional internal audit
In November 2005, Fuji Xerox Australia was visited by internal auditors from Fuji Xerox Company Limited as part of a program of regional internal audit. This audit covered areas of accounts receivable, inventory control information management and legal compliance. As a consequence of the audit four minor areas were noted for process improvement; procedures relating to the cannibalisation of parts from new equipment, practices relating to data deletion from own use equipment, practices on induction training relating to the storage of information on company computers and procedures relating to service van stocktaking.
Business impacts and stakeholder relationships

**Figure 4** represents how we aspire to grow as a company that cares for our employees, our customers, the communities and the environment in which we do business. We think of our stakeholders 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, community involvement and environmental programs all reflect our desire to strengthen our relationship with our valued stakeholders and to reduce our impact on the environment.

**Figure 4**
our stakeholders

{ looking after the people around us }

27% female employees | 1378 compliments to employees | over 94% of customers satisfied | $50,000 spent funding our Community Care awards
Employment

At 31st March 2006 our workforce totalled 1609 personnel, with 27% being females and 73% males. Based on our Equal Opportunity for Women in the Workplace Agency Report at 31st March 2006 females held 21% of management positions in the business. 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. Turnover of permanent staff during the year increased to 13.6% reflecting the loss of 215 people across the business up from 10.2% in the previous year (see Table 3).

Table 3

<table>
<thead>
<tr>
<th>Breakdown of employee workforce at March 2006</th>
<th>Males</th>
<th>Females</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>1155</td>
<td>361</td>
<td>1516</td>
</tr>
<tr>
<td>Part-time</td>
<td>5</td>
<td>62</td>
<td>67</td>
</tr>
<tr>
<td>FXA casual</td>
<td>7</td>
<td>19</td>
<td>26</td>
</tr>
</tbody>
</table>

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.

During the year we conducted a series of risk assessment workshops across the business. One of the key risks identified for our business going forward is the maintenance of an adequate workforce of appropriately skilled employees. The need to continue to strive to position ourselves as an employer of choice is going to be a critical factor in managing this risk.

“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. We continue to seek ‘employer of choice’ status and to work on enhancing our employee value proposition as our human resources are the key to much of the value add component we bring to our customers.”

BETH WINCHESTER
General Manager Human Resources, Fuji Xerox Australia

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.
Employee satisfaction

Annually we conduct a survey of employees seeking their views over a range of matters relating to their employment in the business. This survey is conducted using a web surveying tool and to assure the confidentiality of individual responses the process is controlled and results analysed by our regional management group in Singapore. During the year under review we received the results of the survey conducted in late February 2005 to which 79% of employees responded.

Respondents to this survey gave positive feedback in areas relevant to the deployment of strategy and direction, the adequacy of resources provided by the company to enable employees to do their job, team work within work teams and our respect for people. Overall satisfaction with Fuji Xerox Australia as an employer lifted to 76% from 74% in the previous survey; 9% stated dissatisfaction, the same level as registered in the prior survey. The two most adverse responses related to the perceived level of team work across divisional boundaries and employees’ perceptions of the suitability of management appointments across the business, both of which had improved several points since the last survey yet still warranted concern. The responses to two questions suggested a need for better feedback on management initiatives taken in the interests of improving employee perceptions of the company as an employer and our recognition of employee achievements.
Our Stakeholders

Our employees

The key response to the survey has been a program to provide further opportunity for recognising role model behavioural achievement in the business (the Winning Edge Program and further enhancement of the existing employee recognition schemes), a continued search for initiatives that enhance levels of cooperation across the business, and specific counseling for a number of managers for whom opportunities for better performance were identified in the analysis of individual work group results. From prior survey analysis an emphasis has been given over recent years to improving communication of strategy and results to our employees, responses to the survey in these areas have been progressively improving.

Development and opportunities

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 focusing on five core areas as shown in Table 5.

Table 5

<table>
<thead>
<tr>
<th>Development opportunities</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business performance</td>
<td>improving the productivity and skills of all employees</td>
</tr>
<tr>
<td>Leadership and management performance</td>
<td>nurturing and developing leadership and management skills for today and into the future</td>
</tr>
<tr>
<td>Technology and process</td>
<td>supporting the organisation’s systems and processes</td>
</tr>
<tr>
<td>Coaching and mentoring</td>
<td>building the sustainability of development and knowledge within our business</td>
</tr>
<tr>
<td>Sales performance</td>
<td>improving continuously the sales capability in the organisation</td>
</tr>
</tbody>
</table>

Over the last year our employees have on average received 25.6 hours of training per employee (compared with 23.4 hours last year). These figures in the main reflect the classroom training co-ordinated and/or led by our learning and development team and are courses of a non-technical nature. Additional learning opportunities are also offered via desktop access to online learning courses (currently over 200 courses available), manager driven initiatives, informal learning events and programs undertaken by individuals to enhance their development.

Our ‘Managing for Success’ tool is used as the primary vehicle for the deployment of priority objectives 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 2002. Since inception of the program 32 graduates have been recruited of whom 66% remain employed in the business at year end.

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. Graduates are given the opportunity to experience other relevant parts of our business and are intended to be developed into ‘ready now’, degree-qualified employees. Focused learning and development activities at both divisional and general levels 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 experience already gained in the first 6 months at Fuji Xerox Australia has been priceless. It’s hard to initially appreciate the technology, processes, relationships and people required to drive a market leader and truly global organisation like Fuji Xerox. Not only does Fuji Xerox Australia continue to grow as an organisation by providing clients the latest technology, services and unrivalled support structure, they are dedicated to providing employees the experience, support and necessary training to ensure personal growth and development. It’s this unique combination of client and employee dedication that will continue to drive Fuji Xerox Australia and overcome any future challenges.”

JAMES WHITE
Associate Consultant, Professional Services Queensland

“I haven’t been here six months, but I now know why people that have been here more than 10 years are still learning, changing and utilising new people, processes and work dynamics to get ‘the job done’. FXA is truly a corporate powerhouse with so many spokes that make up its enormous wheel! My experience as a Graduate has exposed me to great projects, real successes and conflicts, and a good appreciation of what it takes to become an FXA Professional, working in Global Services.”

KHEMINDRA NADARAJAH
Associate Consultant, Professional Services Victoria

Employee recognition

Fuji Xerox Australia has established three forms of recognition: formal recognition, informal recognition and long service awards.

Our formal and informal recognition program works through a nomination process to recognise the contribution of employees company-wide in support of the concept of customer satisfaction. Compliments and commendations from internal and external customers are recorded in a central data base.

From the analysis of these compliments and commendations, a range of formal recognition is given, as follows:

- **Managing Director Awards** — are awarded for outstanding contribution and achievement in areas that significantly advance the business and showing appropriate role model behaviours.
- **National Awards** — are awarded to individuals or teams in recognition of consistent achievement beyond the call of duty and/or consistent role model behaviour or activities which impact at a national level.
- **State Awards** — are awarded to individuals or teams in recognition of over achievement which impact at a state level.
- **Local Awards** — are awarded to individual or teams in recognition of service and/or contributions.
Our employees

Out of the 1378 compliments received by employees during the year (1319 the year before), 77 national and state awards [individuals and teams] were given.

In terms of informal recognition, managers are encouraged to show appreciation to both individuals and teams for a job well done.

Service awards are given in recognition of continued service.

In addition to the above, our President’s Club Award is awarded as the preeminent recognition of exceptional performance in the business and achievement that warrants international recognition. Steve Jordan — Branch Manager Western Australia, Lincoln Glendining — Corporate Counsel and Frank Hubert — Technical Program Manager Production travelled to Japan to receive this award during the year to 31st March 2006.

“It was an unexpected privilege to be selected as one of the President’s award recipients and to visit Okinawa, Japan. What was particularly important to me about this award, and I know was equally appreciated by the other recipients Steve and Frank, was not only the opportunity it provided to meet colleagues from other Fuji Xerox operating companies, but also the ability to share the trip with our respective partners and to specifically take time to thank them for their ongoing contributions to our professional lives.”

LINCOLN GLENDINING
Corporate Counsel, Fuji Xerox Australia

Aim higher, work smarter, play to win...

Last year, we launched a new employee recognition program called the Winning Edge. This program promotes the values inherent in the theme lines of the program — aim higher, work smarter and play to win, rewarding values symbolised by the athletes the business sponsors.

All nominees receive merchandise signed by one of the elite swimmers sponsored by the company and a bottle of The Winning Edge wine. Those nominated also go in the draw to win tickets to go to sporting events associated with the company’s sponsorship program.
**Occupational health and safety**

We have continued our development of a safety culture amongst all employees, contractors, visitors, customers and other stakeholders. 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 occupational health and safety management system that is accessible to everyone within our business.

In an effort to ensure workplace safety across all of our sites, we have assigned a minimum of an occupational health and safety coordinator, a first aid coordinator, an emergency evacuation coordinator and a rehabilitation coordinator per site in addition to first aid officers and emergency fire wardens. A number of our major sites have also implemented their own Safety Committee.

In the last eighteen months, 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. The roll out of this training program commenced during the year under review with an intention that the computer based training involved should be undertaken by all employers and contractors in the business.

Procedures require all injuries to be recorded and reported on an injury form that is forwarded to the Human Resources department. In the event of an injury that requires treatment or that results in lost time an investigation report is completed.

During the year three incidents occurred that resulted in the relevant authorities conducting an inspection of three of our workplaces (see Table 6).

**Table 6**

<table>
<thead>
<tr>
<th>Date</th>
<th>FXA Site</th>
<th>Authority</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>November</td>
<td>Notting Hill</td>
<td>WorkSafe Vic</td>
<td>An Improvement Notice was issued for not adequately completing a risk assessment on a reported manual handling injury. All actions have been completed.</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>West Melbourne</td>
<td>WorkSafe Vic</td>
<td>WorkSafe Victoria visited the site as a result of an anonymous phone call alleging the contravention of Health and Safety legislation. The inspector reported that there were no issues identified that contravened the Health &amp; Safety Act.</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>Zetland</td>
<td>WorkSafe NSW</td>
<td>WorkCover visited our Zetland site as a result of an anonymous phone call and issued improvement notices for the following:</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td>~ An employee was unable to locate an Material Safety Data Sheet for a product that he was using. The staff member was retrained in the handling of chemicals and how to obtain an MSDS and their benefits.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>~ It was suggested that ventilation in the toner filling room was inadequate. Additional ventilation has been installed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>~ Concern was raised in relation to the noise levels in the toner filling room. An acoustic consultant subsequently conducted noise level testing and reported that the protective equipment provided was adequate for the recorded noise levels.</td>
</tr>
</tbody>
</table>
Our stakeholders

Our employees

Labour relations

Approximately 39% 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 Engineers (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. In particular in the year under review we have commenced a program of business briefing sessions with our service workforce to build better understanding between the company and this employee group.

Our customers

Customer satisfaction

Customer satisfaction as an objective is our principal business value. 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. As such we regard our ongoing assessment of customer satisfaction as our pre-eminent lead indicator of the likely future success of our business. This has led us to establish a range of lead indicators in the business relating to objectives that, if we achieve them, should flow on to deliver improvements in customer satisfaction.

Many of our internal procedures and organisational meeting arrangements have been adopted or changed to reflect Fuji Xerox Australia’s commitment to customer satisfaction. Similarly we have many arrangements in place to facilitate us hearing the “voice of our customer”, arrangements ranging from “lost” customer interviews through controlled compliment and complaint registration systems to direct surveying of customers’ views.
Customer surveys

Over the course of the year under review, we conducted a range of customer satisfaction surveys. Reflecting the diversity of our business and our customers, we used a number of different survey techniques (including face-to-face interviewing, telephone and web-based surveying).

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. Survey findings and responses are fed back to customers individually.

Office customers survey
On an ongoing basis we survey all acquirers of equipment from our array of office products in a simple telephone survey, we also conduct surveys of existing users who have acquired equipment in prior years. This survey 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 our latest survey conducted over the period January to June 2006 our customers across Australia indicated an overall satisfaction with Fuji Xerox Australia of 95% with 5% expressing dissatisfaction. This result is practically identical to that generated in the prior year’s survey with the only difference being a slight increase in the number of customers recording “very satisfied” responses rather than merely “satisfied”.

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 of more than 70% of 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 94% (against 92% in the previous survey conducted in 2003), with 40% (37% in the previous survey) across the 3 product customer groups indicating they were very satisfied and 54% (55% in the previous survey) indicating they were satisfied.

Total market survey
Regionally, our associates in our regional headquarter group in Shanghai engaged the services of an external provider (JD Power) to conduct two customer satisfaction surveys throughout the Asia Pacific Region during the year. The first survey targeted Fuji Xerox customers in each country whilst the second survey was undertaken for benchmarking purposes and sought the opinions of users of equipment and services supplied by our competitors.

Customer defection interviews
During the year we conducted a limited number of face-to-face interviews with customers who elected 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 presented 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.
Our customers

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 and as a further source of information to support rectification and improvement action in the business.

Responding to what we hear
A good example of remedial actions driven by this system occurred in the early part of the year under review. A spike in adverse customer comments was observed in early 2005 that related to our Customer Service operation. Some in depth analysis of all adverse comments logged against that division in the preceding twelve months was undertaken to understand trends and areas of concern. This analysis identified two areas in the division that were generating an abnormal number of complaints. Overlaying this information with the results from our February 2005 Employee Motivation Survey highlighted a direct correlation between poor motivation and under performance in the two areas concerned. A task force was established to conduct focus group enquiries to gather suggestions as to how to improve motivation in the affected areas. A common training issue was identified as the principal contributor to low motivation. An internal workshop took place to fully specify training needs of the groups and resulted in the provision of access to a suite of training options to support the group development and the incidental establishment of a team to facilitate communications between the two groups.

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 across the business.
Responding to what we hear

Our surveying during the year indicates customer dissatisfaction relating to the timely and problem-free installation of equipment they had acquired. A key factor in this area of complaint was identified as a lack of customer understanding of the steps to be undertaken to achieve a full installation of equipment that needed to be installed on a network and not just plugged in and switched on. A program was developed to inform customers of the installation steps prior to delivery and a sticker was placed on such equipment to make it clear that an analyst visit was required to engage the equipment with the customer’s network. Whilst a simple solution, this process of better informing our customer has filled a gap in our communications to our customer eliminating the “they have delivered it why didn’t they plug it in so I can use it” sentiment that was causing real customer frustration.

As another example in the related area of post-delivery user training we “heard” concerns from our surveys that customers were not getting full value from this training. Closer examination led to a conclusion that ever-increasing product functionality was leading to a situation where trainees were receiving more information than they could absorb. Our response has been to provide customers with the option to take training in two sessions (free of charge for production equipment).

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

At the time of completing this report, work is about to commence investigating how to reinvigorate this framework that supports our commitment to Customer Satisfaction, to make the processes less bureaucratic and more a vehicle for problem solving and how to make Customer Satisfaction, our primary business value, resonate better within the business.
Customer safety

Product safety

Product safety has long been an important commitment for Fuji Xerox Company Limited. In October 2003 we saw the establishment of a Product Safety Policy which extended and formalised the requirement for Fuji Xerox Company Limited 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, Fuji Xerox Company Limited has developed its own safety standard called C11 covering all products it manufactures. C11 is a comprehensive set of voluntary safety requirements covering electrical, mechanical, physical and chemical safety that go beyond our statutory and International Standard obligations. All products we supply are compliant with current laws, regulations and International Standards and in the case of Fuji Xerox manufactured products 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. This classification system defines the level of incident and the urgency of investigation. All incidents are reported to the senior management group of Fuji Xerox Company Limited in Japan with the appropriate remedial action taken either at a local level or at the design and manufacturing level.

Each year a number of modifications are installed into products in the field some of which have been instigated as a consequence of researching incident reports. Any such modifications relating to safety are installed in a controlled manner that entails full reporting back to Fuji Xerox Company Limited to ensure the retrofitting of the modification to all items of equipment remaining in the field.

Product incident report

During the year under review one incident involving property damage and nine lower level incidents were reported by us to the Fuji Xerox Company Limited Safety Office. Each of the lower level incidents involved situations where a spare part had to be replaced because it had overheated producing smoke. In each case such components were sent to the group Safety Office for investigation.

The unit of equipment involved in a property damage incident was recovered on completion of local investigations and has been the subject of extensive examination in our laboratories in Japan. No fire safety concerns have been identified with the equipment.
**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

**Safety information booklet**

During the year under review we completed a booklet that incorporates answers to all of the typical health and safety questions a purchaser or user of our equipment may ask. Whilst tested with customers in the latter part of the year this booklet has now been published in the new year and made freely available to customers.

Subjects covered in this booklet range from matters like ozone generation, ventilation requirements and toner safety through to our policies regarding the exclusion of hazardous materials such as lead from our products.

Fuji Xerox Australia Product Safety Booklet can be found @ http://www.fujixerox.com.au/productsafetybooklet

During the year Fuji Xerox Australia provided 1,214 (1597 last year) Material Safety Data Sheets and 95 (91 last year) Product Safety Data Sheets in response to customer and other user requests and answered a further 172 general enquires related to product safety.
Our customers

Consumer Privacy

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 company 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 Fuji Xerox Australia Privacy Policy can be found @ http://www.fujixerox.com.au/privacy

No complaints against Fuji Xerox Australia were registered with the Privacy Commissioner during the year ended 30th March 2006. 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 this email are monitored by a senior executive of the business who acts as the Privacy Officer. No communications have been received by the Privacy Officer during the year other than routine requests by recipients of various communications requesting that they receive no further contact of a particular type.

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.
Fuji Xerox Australia has taken a number of initiatives in respect of engagement with community and the promotion of desirable community outcomes.

**Industry associations**

Our industry association participation strategy is to engage, seek to support and actively assist in the development of initiatives that yield positive community and environmental outcomes. We take this approach on issues that directly benefit business through to more broadly based initiatives. 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 former Managing Director Philip Chambers acted as a director of the Australian Information Industry Association (AIIA), throughout part of the year. In addition, a number of other employees of the company were engaged as volunteers supporting various initiatives of the AIIA including the development of a computer industry Extended Producer Responsibility scheme, the negotiation of standard contract terms for federal and state computer and related equipment acquisitions and various initiatives exploring environmental issues including the categorisation of hazardous substances and the treatment of exports of second hand equipment. The AIIA Environmental Special Interest Group put two proposals to government during the year in respect of a proposed Extended Producer Responsibility scheme based on work earlier commissioned from Planet Ark. Whilst the debate with government over the detail of this scheme has been protracted, face-to-face work shopping of the issue with stakeholders since year end is showing real progress in moving forward.

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 Australian Equipment Lessors Association, the Business Imaging Association of Australia (formerly the Office Equipment Industry Association), the Buy Recycled Business Alliance and many industry specific groups such as the Printing Industry Association of Australia. Many of these engagements support the advancement and promotion of community interests some narrowly business focused others aimed at advancing broader community imperatives.

**Lobbying**

During the year we lobbied the need for the federal government to promote environmentally sound purchasing. Early in 2005 we input to the Australian Government Information Management Office review of Measures to Support Environmentally Friendly ICT report (August 2005) subsequently we made submissions to, the Parliamentary Joint Committee on Corporations and Financial Services, Corporate Social Responsibility Enquiry (September 2005), the Minister for the Environment (October 2005) and more recently to the House of Representatives Standing Committee on Environment and Heritage Sustainability Charter Enquiry (May 2006). Each of these submissions had within it the proposition that government must take a leadership role in the area of environmentally sound purchasing and the championing of sustainability principles.

**Community**

In respect of a broader based engagement with community Fuji Xerox Australia has maintained its 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 which Fuji Xerox Australia matches $1 for $1. During the year, staff donated $42,069 through this program that was matched by an equal donation from the company.
Our community

A number of employees are also involved as volunteers with United Way, supporting their endeavours. Examples include governance support and people looking at issues of community need and the approval of beneficiary applications for funding. During the year, we also provided in-kind support in the way of printing facilities to a value of $15,000 to foster the development of United Way and donated a further $10,000 to help get United Way Brisbane to a self-sustaining stage of development, an undertaking that John Graham our State Manager for Queensland is playing a role in as a director of that entity.

As part of our program with United Way, a number of employees have participated in United Way’s ‘Corporate Connect’ programs during the year, working directly with community organizations as volunteer teams or ongoing small group support arrangements. One such engagement with the Centipede Centre in Glebe supports primary school kids from one of Sydney’s inner city suburbs. Our staff has worked with Centipede to lift their IT capacity and to support access to web-based resources to enhance their attraction to their young clients. We are seeking to continue our support of this community enterprise.

Team building via Corporate Connect

With Fuji Xerox Australia’s focus on Sustainability and Corporate Social Responsibility, Martin Head, Education Service’s Manager, saw the opportunity to bring his team together in team building activities outside the business, utilising the Corporate Connect Program coordinated by United Way. The program supports the work of community organisations and at the same time, helps build stronger work teams. Through Corporate Connect, Martin’s team was able to support local community organisations, such as Just Enough Faith, AFFORD, and Hope Street. The Education Services Team donated time with some energetic painting, gardening and repairing; they even prepared and served meals. As Martin says, “Team work is the ability to work together toward a common vision, but it is even better when it is fun”.

In the later part of the year under review we entered into a partnership with the Australian Business Community Network (ABCN). Based on a successful UK precedent, this initiative brings together major companies to support areas of disadvantage in the school community. We are fostering select employees to provide specific mentoring and role model support aimed at enhancing student aspirations and encouraging the completion of secondary education. In the program our Managing Director has taken a role providing some corporate exposure and counsel to school principals in the schools we support and has taken a governance role accepting a position on the board. George Nides, our General Manager Customer Support Operations has taken a role in the administration of the program whilst acting as champion of our various community engagement initiatives across the business. We have also committed to providing financial support underpinning our involvement in the ABCN program.

During the year we entered a partnership with the Redfern Waterloo Authority (RWA) providing services at a substantial discount. This important Central Sydney urban renewal project caught our eye as a project that might utilise to good effect our knowledge of communications technologies. From our initial commercially motivated approach we agreed to partner with the RWA charging less than our costs for a defined project supporting their desire to personalise their communications with their community. This opportunity had particular appeal as it represented an opportunity for us to learn and at the same time to add value to the immediate community in which our Australian Technology Park office and epicenter™ is located.
Many of our community engagement initiatives are something of an experiment as we search for the most effective way of meeting the community engagement expectations of our stakeholders. In a way our engagement with community is a journey, a seeking of relevance, a search for good fit.

GEORGE NIDES
General Manager, Customer Support Organisation, Fuji Xerox Australia

Community service awards program

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 15 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 under this program are shown below.

- Aunties and Uncles
- Barnardos Australia
- Big Brothers Big Sisters
- Blacktown Community Radio
- Bronte Surf Life Saving Club
- Camden West Rural Fire Brigade
- Camp Breakaway
- Camp DARE
- Camp Quality
- Coptic Orphans Australia
- Cana Communities Incorporated
- Diamond Beach / Redhead Rural Fire Brigade
- Drummoyne Toastmasters
- Gunning SES Unit
- Hutt Street Centre
- Leukaemia Foundation
- Liver Support Group
- Masonic Care QLD
- Mater Dei
- Narre Warren Fire Brigade
- Reality Check — Young Adults with Diabetes
- Rhema FM — Community Radio
- Roselands Sports & Aquatic Centre
- Royal Blind Society
- RSPCA
- Shire Community Initiative
- Southern Community Welfare
- Starlight Children
- Surf Life Saving QLD
- SWR FM Community Radio
- Teresa House Crisis Centre
- Trees for Life
- Vedanta Centre
- Whitfords Volunteer Sea Rescue Group
- Wyong SES
Human rights and ethics

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.

Legal compliance and ethics in the business
Exemplary compliance with the law and the maintenance of high ethical standards in all that we do are enshrined as core values of the business. During the year we enhanced the policy and procedural framework underpinning these values with the introduction of a compliance policy that incorporates a discreet disclosure/whistleblower mechanism that is available to employees and external stakeholders alike. This policy incorporated a framework specifying the range of law affecting the operation of our business and the mechanisms through which compliance will be achieved. As a complement to the underlying intent to improve our assurance of legal compliance we implemented a computer based training program covering our obligations in the area of Trade Practices Act Compliance and occupational health and safety compliance.

A staff member with a legal compliance or ethical concern has a range of escalation options available to them. In the first instance they are able to access some guidance on dealing to ethical dilemmas, from there they can access the anonymous counseling service provided by the St James Ethics Centre in Sydney. If the gravity of their concern is such that they are then unable to raise their issue with their manager or their manager’s manager, guidance is available on the use of the company’s whistleblower policy to access, anonymously if necessary, Andy Lambert our Managing Director. 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.

Consistent with our practice in prior years we undertook a process to formally confirm that key staff were not aware of any incident occurring that breached our ethics code or that constituted a breach of the law. Several hundred employees in key positions dealing with customers, suppliers and or having oversight of such roles provided such confirmation. No employees refused to confirm or responded declaring issues of concern. During the year no notification was received under our whistleblower policy although the promotion and release of the policy encouraged an anonymous respondent to raise some concerns regarding the management of one of our branches, concerns which were investigated and subsequently addressed through change of circumstance.
1st in the industry to win the Energy Conservation Grand Prize for 7 years in a row | 932 tonnes of end of life product recycled to yield a 99%+ resource recovery
{ OUR ENVIRONMENT }

Fuji Xerox Company Limited environmental strategy

Our parent company environmental strategy is structured around three fundamental pillars:

~ becoming a fully recycling oriented company
~ offering outstanding eco friendly products to our customers
~ improving our site environmental management

By implementing this strategy at Fuji Xerox Australia, we are committed to reduce the environmental impact of our own activities and at the same time help our customers reduce their own environmental impacts.

Eco friendly printing devices

Our parent company’s environmental initiatives start from the design stage of our products, where we incorporate technologies that eliminate the need to use hazardous material such as lead based solder; that will enable low energy consumption during use of the machine; and that will later facilitate the reuse and recycling of used machines and parts.

Compliance with the European Directive on the Restriction of Hazardous Substances

As early as 1999, our parent company released their Green Procurement Guidelines aimed at reducing the use of hazardous substances in our products and in the process of their manufacture. As an extension of this earlier work Fuji Xerox Company Limited announced early last year that all new equipment models supplied after April 2005 would be compliant with the European Union RoHS Directive that came into force mid-2006.

Energy efficient equipment

Fuji Xerox Company Limited continues to incorporate energy saving technologies into its equipment with a view to reducing the amount of electricity used by our customers. The reduction in power consumption of our products is the cumulative outcome of a series of enhancements mainly around the fuser functions of the print engine, including greater efficiency enabling lower power consumption, shorter warm-up time, toners that bond at a lower temperature, and the achievement of shorter recovery times from power saving modes. As a result, when replacing old equipment with new, our customers can benefit from an energy saving that on some models has ranged as high as 71%. All our office products comply with the ENERGY STAR requirements.

Product environmental impact

More information on our Group environmental strategy can be found @ http://www.fujixerox.co.jp/eng/ecology/eco_en03/
Winner for seven years in a row

Once again, Fuji Xerox won the Director General’s Prize for energy conservation in the 16th Energy Conservation Awards held by the Energy Conservation Center for 2005 (in Japan).

This is the first time in the industry that a company has won the award for seven consecutive years.

The devices, from the ApeosPort/DocuCentre C5540 I, C6550 I and C7550 I series, were recognised primarily for the development of two technologies:

~ the unique free belt nip fuser technology, which achieves high-speed and a very efficient ink transfer onto the paper

~ the Vertical Cavity Surface Emitting Laser technology that enables high output and low power consumption

The awarded products achieve up to 36% reduction in power consumption compared to previous models.

About the Energy Conservation Awards

The Energy Conservation Awards are fostered by the Japanese Government to recognise equipment and appliances that excel in terms of energy and resource-saving features, supporting efforts to reduce greenhouse gases emissions responsible for global warming. Also considered are features such as the degree of innovation, product quality, environmental improvement features and product safety.

More information on our products environmental activities can be found in our Fuji Xerox Group Eco Activism web site @ http://www.fujixerox.co.jp/eng/ecology/index.html
Product environmental impact

Innovative toner and ink technologies
Fuji Xerox Company Limited has continued this year to incorporate our Emulsion Aggregation (EA) toner into all new office copy machines and multifunction devices. In contrast with conventional toners, EA toner is formed through a chemical process by mixing, coalescing and then heating pigment and latex particles in a solution. With this method, fine uniform particles can be produced without the use of any energy intensive crushing function, reducing energy usage and CO₂ emissions by 35%. Not only does the method produce particles that are uniform in size, but the shape of the particles can also be controlled with precision, enabling images to be more efficiently transferred to paper, reducing toner wastage as well as enhancing image quality.

This year, we have launched the WorkCentre C2424, the first ever multifunction printer using our solid ink technology. The device represents an eco-friendly business solution offering printing, copying and scanning — plus superb solid ink colour output — all in one. We have also launched the Phaser 8500/8550 colour printers, the newest of our Phaser products using solid inks.

In solid ink printing, colour is suspended in solid ink blocks, like crayons. During the printing process, the ink, which contains no solvents or hazardous chemicals, is melted and transferred into the paper. The result is as simple as ’no mess, no cartridges and virtually no waste’. The Phaser 8500/8550 colour printers have received the Good Environmental Choice label from the Australian Environmental Labelling Association.

The environmental benefits of digital technology
With the expansion of the digital information age, our knowledge management and print-on-demand technologies enable our customers to ’share knowledge’ whilst reducing paper wastage.

In the office, customers can easily copy, print, fax, scan and email with only one machine. Not only are our multifunction devices energy efficient, use EA toner and take up less space than several ’single task’ devices, but they also contribute to reduce paper wastage in the office through features such as duplexing, multiple up printing, booklet making and scan-to-email capabilities.

In the production environment, our high-end products also offer a series of environmentally friendly technologies with features such as energy efficient lamps, low power consumption in sleep-mode, long life parts and building on the inherent reduced paper wastage benefit of print-on-demand functionality.
Eco friendly papers

Fuji Xerox is actively moving towards sourcing all of its copying and printing papers from one of the most renewable resources available to mankind - plantation trees. The Fuji Xerox Group has established a standard and criteria for the sourcing of paper products that our Document Supplies Division complies with when sourcing product in Australia or from overseas manufacturers. These requirements reflect our group’s commitment to protect forest ecosystems, to conserve biological diversity, soil and water resources and to preserve forests that are of ecological or cultural importance. Since the introduction of our paper supply standard two years ago we have ceased dealing with two suppliers who were unable to meet our standard.

As part of our application of this standard we are aiming for a position where all paper we purchase is manufactured to our specification in elemental chlorine free processes from plantation forest trees. Pulp source forests need to be managed in accord with sustainable forestry management practices, exclude the use of genetic modification technology and be managed in a manner that has not caused disharmony with local communities. Each supplier is also required to be independently certified under ISO14001. As an overarching element of our efforts to police our standard our parent company has also consulted generally with various agencies who are maintaining a watch on the forestry practices of paper suppliers.

“Fuji Xerox has ceased sourcing from manufacturers whose practices fall short of our standard. They need to guarantee to us that illegally harvested trees cannot be introduced into their supply lines.”

TONY FIELDER
Marketing and Channels Manager,
Fuji Xerox Australia Document Supplies Division.

Our processes for assessing suppliers conducted during the year in conjunction with our parent company included obtaining formal undertakings of compliance and statements of relevant information from each supplier. All of our suppliers responded, one supplier of a limited line of paper was unable to confirm the nature of the pulp bleaching process used on 2% of their purchased pulp input. As a result of the assurance of this report, it has come to our attention that we should be in a stronger position to account for the extent to which our suppliers comply with our standard. We commit to reviewing our internal accounting processes to ensure we can publicly report this in our next sustainability report.
Eco friendly solutions

Part of our offering in response to our commitment to ‘help people share knowledge’ is a series of software solutions, which can also display significant environmental benefits.

One of our most popular knowledge-sharing solutions is our DocuShare electronic document management solution. DocuShare had its 4th version released this year. This web-based application enables organisations to efficiently capture, store, manage and share documents. Although not always quantifiable, we believe that the management of documents electronically has a substantial environmental benefit in terms of reduction in paper consumption.

As another example of an eco-friendly application, this year we launched a new solution enabling radiological images to be printed on regular paper instead of film, better described below.

New improved Green Wrap recycled paper

In September 2006, our Document Supplies Division launched a higher brightness upgrade of our 60% Recycled Green Wrap product containing higher levels of post consumer waste and partially FSC/PEFC certified new fibres sourced from sustainably managed plantations. Green Wrap remains one of the most reliable recycled products available on the Australian market.

Our Green Wrap re launch campaign, to be released later in 2006, will be focusing on the fact that using Green Wrap contributes to reduce the amount of paper that makes its way to landfill every year. To educate consumers, we will be distributing a launch pack marked ‘60% of this pack is rubbish’ to bring people’s attention to the importance of paper recycling. As a member of the Buy Recycled Business Alliance, we aim to raise environmental awareness around the ‘closed recycling loop’ concept which encourages consumers to purchase and use Recycled Content Products and to recycle products after use.

More information on our Green Wrap can be found @ https://www.xeroxsupplies.com.au
By combining Fuji Xerox and aycan x-ray print technologies, it is now possible to print radiological images on plain paper.

The result of this partnership between Fuji Xerox and aycan x-ray print is a great way to share radiological images, reduce cost and also protect the environment.

**Eco friendly media-output** — Plain paper is being used as an eco-friendly media-output for medical images instead of conventional radiology film made from complex plastic materials.

**Eco friendly processing** — Unlike most conventional radiology film technology, Fuji Xerox and aycan x-ray print does not involve the use of developing chemicals that can cause adverse effects on the environment if specific disposal requirements are not considered. In fact, images are directly printed from a certified aycan printer such as our Fuji Xerox Document Centre C450. Customers also benefit from the environmental advantages of our latest printing devices including highly energy-efficient features and eco-friendly EA Toner. While traditional x-ray film processors can use significant amount of water every year, the aycan x-ray print and Fuji Xerox printing device offer a completely ‘dry’ document process solution which assists customers in saving our precious water resources.

**Eco friendly viewing** — Because there is no need for a light box when it comes to reviewing paper prints, customers are reducing their need for resources and electricity consumption and therefore contributing to a decrease in carbon dioxide emissions.

**Eco friendly image disposal** — Compared to x-ray film, paper can easily be reused or recycled.
Extended producer responsibility

Design for reuse and recycle

Our responsible producer initiatives start at the design stage of our machines where we apply a series of policies that will later support remanufacturing and recycling. Such policies include the standardisation of parts; the use of high-rigidity materials, the incorporation of long-life parts; the adoption of design that will facilitate separation and disassembly of parts; and the use of materials that can be easily recycled. These policies are essentials as they create the right conditions for efficient management throughout the product life cycle including end of product life recycling.

Simple design features such as reducing the number of internal machine assemblies and minimising the number of moving parts in a piece of equipment can make a big difference when it comes to the return, strip down, remanufacturing or recycling phase of a product’s life.

End of life product stewardship

Fuji Xerox Company Limited has adopted extended producer responsibility as a fundamental element of its commitment to sustainable development principles. As early as 2000 Fuji Xerox Company Limited commenced processing equipment recovered at end of life to effect a close to 100% resource recovery. In 2004 Fuji Xerox Company Limited commenced operating a facility at Chonburi in Thailand to duplicate the Japanese operation to provide an end of life recycling facility for use by its nine operating subsidiaries across the Asia Pacific region.

Eco Manufacturing Centre in Zetland, Sydney

Our Zetland Eco manufacturing Centre facility employing 95 people at year end continues to be a key element of our operation in Australia. Driven initially by our desire to save money it has been developed into a state of art engineering facility for the remanufacture of parts and subassemblies removed from equipment during service. During the year under review we remanufactured 259,948 parts through this operation saving something in the order of $20 million versus the cost of new parts. We also exported parts having a value of some $5.7 million that had been remanufactured in this facility.

“Fuji Xerox has a strong record of remanufacturing and our Eco Manufacturing operation is a unique facility in the electrical and electronic industry in Australia. The benefit to the environment of remanufacturing is unquestionable. Fewer resources are required to remanufacture compared to recycling with the intrinsic value of a product retained if it is remanufactured. In many cases a product is improved or enhanced as a result of the remanufacturing process.”

ANNE CHERRY
Communications Manager,
Fuji Xerox Australia Eco Manufacturing Centre.
Waste toner is generated in the cleaning process when toner cartridges and other assemblies are returned for remanufacturing or recycling. Although we like to consider this material as a resource rather than a waste, our current technology does not allow us to reuse it. Currently, our Australian Eco Manufacturing Centre generates around 700kg of this waste per week.

Finding an alternative to sending this waste to landfill has been one of our biggest challenges over the past few years, and one that we are still working on. Over a hundred organisations were approached to progress our researches. Our investigations covered a wide range of sectors from the ink and pigment industry to the rubber and plastic industry, we also explored carbon processing and alternative fuel options. Alternative fuel usage is about using the toner — which displays a higher calorific value than coal — as a non-renewable fuel replacement in large scale operations such as power stations or cement kilns. The use of fuel substitutes such as tyres and ‘bio-waste’ is spreading around the world. It is becoming common practice in European countries and our parent company in Japan has long been recycling waste toner in a local steel making plant. The air emissions generated by the use of toner as alternative fuel will comply with requirements provided correct conditions are maintained during the combustion process.

At this stage, we have started to supply toner waste to a carbon processor, for use as fuel in a cement kiln. Although trials are still underway, the project is looking promising in finding a use for waste toner that would otherwise be sent to landfill.
Extended producer responsibility

Product end of life recycling in Thailand
The Thailand facility, developed by Fuji Xerox Company Limited to process up to 30,000 units of equipment and 500,000 toner cartridges per annum commenced operation in August 2004. We joined this program in early 2005 after obtaining the necessary export licenses from the Australian Government in December 2004.

In the year to March 2006 we exported 932 tonnes of machines, parts and cartridges to this facility for recycling or remanufacture. With the plant in Thailand being progressively ramped up and much being needed to be done on refining the reverse logistics flow to this facility, we have seen progressive improvement in our performance but have still been discomforted by the levels of waste, particularly plastics, that we have been obliged to put to local landfill as we have worked on this problem. As we write this report significant progress has occurred, the plant in Thailand is moving towards full capacity, we have commenced recycling cartridges in Australia and started the process of optimising the flow of cartridges back from our interstate customers for recycling at Zetland or export to Thailand as appropriate.

The facility in Thailand is achieving results in line with the original proposal for its development. Resource recoveries effected by the plant ran at 99.4% in the first year of operation and are targeted to achieve 99.6%. During the year the plant received full certification under the International Environmental Management Standard ISO14001:2004, it also completed and published its first Sustainability Report giving a detailed insight into its operations and achievements.

Whilst we have implemented our own arrangements for effecting resource recovery from end of life products we have also actively participated in the work being undertaken by the computer industry to establish a suitable end of life product recycling scheme for the Australian computer and ancillary products industry. Our rationale for that participation includes assuring accommodation of our arrangements already in place and recognition of our responsibility for any of our product that might be received and recycled in that scheme.
Overall environmental management and compliance

Environmental compliance is assessed by our environment team every year or each time there is a relevant change in legislation. A Compliance and Legal and Other Requirements 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 and keep implementing best management programs in line with our commitment to continuous improvement.

Key performance indicators

Our environmental targets have been set having regard to our particular circumstances and on guidance given by our parent company.

- CO$_2$ output objective is stated as an **eco efficiency** factor reflecting how many millions of dollars revenue we earn per tonne of CO$_2$ produced. Targets have been set based on a percentage annual improvement in this measure.

- Zero emission objective relates to **zero waste to landfill** objective. It is expressed as a percentage being the waste to landfill against all waste generated.
  - **Changes from last reporting method:** last year we were reporting our zero emissions objective as a percentage of waste to landfill against all our emissions including waste and CO$_2$. This year we made a decision to only include waste elements in monitoring this objective and have accordingly recalculated the figures for previous years. CO$_2$ emissions being covered in our eco efficiency objective as stated above.

- 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 CO$_2$ generation and as a secondary consideration to reduce our utilisation of forestry resource.
  - **Changes from last reporting method:** this year we have made a decision to also report our paper usage against our revenue so that it is measured relative to our growing business activities.

- Maintaining **ISO 14001** certification for all our sites.

- **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. We sell a limited number of products that do not qualify as eco conscious according to the above definition. These 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 they are in production.
Activities environmental impact

Table 7

<table>
<thead>
<tr>
<th>Objective</th>
<th>Target</th>
<th>Achievement FY03/04</th>
<th>Achievement FY04/05</th>
<th>Achievement FY05/06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve eco efficiency factor Revenue/ CO₂ emissions</td>
<td>Double eco efficiency by 2010</td>
<td>1</td>
<td>1.07</td>
<td>1.25</td>
</tr>
<tr>
<td></td>
<td>starting base</td>
<td>$59,924 revenue/ tonne CO₂</td>
<td>$64,340 revenue/ tonne CO₂</td>
<td>$75,068 revenue/ tonne CO₂</td>
</tr>
<tr>
<td>Zero waste objective Waste to landfill</td>
<td>0.5% of waste to landfill</td>
<td>43.5%</td>
<td>32.5%</td>
<td>26%</td>
</tr>
<tr>
<td></td>
<td>% of waste to landfill ¹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1114</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper usage</td>
<td>target under review according to new monitoring method</td>
<td>114 tonnes of paper used</td>
<td>115 tonnes of paper used</td>
<td>131 tonnes of paper used</td>
</tr>
<tr>
<td></td>
<td>$ 4.7m revenue/ tonne of paper used</td>
<td>$ 4.9m revenue/ tonne of paper used</td>
<td>$ 4.8m revenue/ tonne of paper used</td>
<td></td>
</tr>
<tr>
<td>ISO 14001 certification</td>
<td>% of sites certified</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Selling eco conscious product</td>
<td>Selling 90% of eco conscious products</td>
<td>90%</td>
<td>90%</td>
<td>96%</td>
</tr>
</tbody>
</table>

¹ These figures include some estimates as not all general office waste is being separately monitored at sites where we are one of many tenants of a building

Towards zero waste to landfill
Waste going to landfill remains one of our biggest challenges. Processes for recycling cardboard, paper, pallets, metal, toner, batteries, soft plastics, bottles, cans and polystyrene recycling have been implemented.

In view of our goal of zero waste to landfill, we have maintained our effort in improving our current recycling system and we have also started to implement commingled waste recycling at some of our larger sites for the recycling of drinking containers such as glass and plastic bottles, milk and juice cartons.

We are also striving to better monitor our waste. Our network of environmental coordinators now have the task to make sure that all the waste we generate is being monitored whether it is being recycled or landfilled. Previously we had not been taking account of waste generated in shared tenancy office environments where waste was not separately measured.

Fuji Xerox Australia’s waste by type and destination for the past two years is shown in Table 8.

Water conservation initiatives
Although we do recognise that this is a critical issue in Australia, we have only just started focussing our attention on water conservation.

We have identified as our main and initial opportunity for improvement the need to measure our water usage properly at all our sites. Today, only our larger sites would have access to water consumption data. Therefore, we have made a commitment to start measuring our water consumption at all sites by installing separate water meters.

With that data in hand we hope to implement some programs to reduce our usage and engage our employees in the process.
Global warming prevention

**CO₂ monitoring in transport activities**
Historically we have only directly measured and managed CO₂ emissions resulting from our electricity, gas and owned vehicles fuel usage. In the year under review we have started to measure the emissions of CO₂ relating to the delivery of equipment by contracted transport operators and the emissions generated through our import and export activities. This new measure has not been introduced into the calculation of our overall eco efficiency factor.

**Energy consumption reduction**
This year again, we have continued to promote reduction of electricity consumption at our sites, our new facilities in Canberra and West Melbourne have been fitted with intelligent power usage minimisation devices that promise significant savings on power use.

One of the main challenges we face is that our business is growing. As a result we have had to extend some of our warehousing capabilities, activity that requires significant energy usage.

As a complement to our energy usage reduction initiatives which will continue we have recently committed to move to the purchase of green power. By 2010 we have committed that we will be using 100% green power, we will achieve this by 25% yearly increments starting in late 2006.

### Table 8

<table>
<thead>
<tr>
<th></th>
<th>FY04/05</th>
<th>FY05/06</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General waste</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recycled</td>
<td>692 tonnes</td>
<td>542 tonnes</td>
</tr>
<tr>
<td>Landfilled</td>
<td>692 tonnes</td>
<td>542 tonnes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>692 tonnes</td>
<td>542 tonnes</td>
</tr>
<tr>
<td><strong>Metal</strong></td>
<td>1291 tonnes</td>
<td>947 tonnes</td>
</tr>
<tr>
<td>Recycled</td>
<td>1291 tonnes</td>
<td>947 tonnes</td>
</tr>
<tr>
<td>Landfilled</td>
<td>1291 tonnes</td>
<td>947 tonnes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1291 tonnes</td>
<td>947 tonnes</td>
</tr>
<tr>
<td><strong>Office paper</strong></td>
<td>111 tonnes</td>
<td>136 tonnes</td>
</tr>
<tr>
<td>Recycled</td>
<td>111 tonnes</td>
<td>136 tonnes</td>
</tr>
<tr>
<td>Landfilled</td>
<td>111 tonnes</td>
<td>136 tonnes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>111 tonnes</td>
<td>136 tonnes</td>
</tr>
<tr>
<td><strong>Cardboard</strong></td>
<td>529 tonnes</td>
<td>810 tonnes</td>
</tr>
<tr>
<td>Recycled</td>
<td>529 tonnes</td>
<td>810 tonnes</td>
</tr>
<tr>
<td>Landfilled</td>
<td>529 tonnes</td>
<td>810 tonnes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>529 tonnes</td>
<td>810 tonnes</td>
</tr>
<tr>
<td><strong>Plastic</strong></td>
<td>32 tonnes</td>
<td>79 tonnes</td>
</tr>
<tr>
<td>Recycled</td>
<td>250 tonnes</td>
<td>210 tonnes</td>
</tr>
<tr>
<td>Landfilled</td>
<td>282 tonnes</td>
<td>289 tonnes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>282 tonnes</td>
<td>289 tonnes</td>
</tr>
<tr>
<td><strong>Polystyrene</strong></td>
<td>5 tonnes</td>
<td>27 tonnes</td>
</tr>
<tr>
<td>Recycled</td>
<td>5 tonnes</td>
<td>27 tonnes</td>
</tr>
<tr>
<td>Landfilled</td>
<td>5 tonnes</td>
<td>27 tonnes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5 tonnes</td>
<td>27 tonnes</td>
</tr>
<tr>
<td><strong>Pallets</strong></td>
<td>233 tonnes</td>
<td>181 tonnes</td>
</tr>
<tr>
<td>Recycled</td>
<td>66 tonnes</td>
<td>37 tonnes</td>
</tr>
<tr>
<td>Landfilled</td>
<td>299 tonnes</td>
<td>218 tonnes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>299 tonnes</td>
<td>218 tonnes</td>
</tr>
<tr>
<td><strong>Waste toner</strong></td>
<td>106 tonnes</td>
<td>40 tonnes</td>
</tr>
<tr>
<td>Recycled</td>
<td>106 tonnes</td>
<td>40 tonnes</td>
</tr>
<tr>
<td>Landfilled</td>
<td>106 tonnes</td>
<td>40 tonnes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>106 tonnes</td>
<td>40 tonnes</td>
</tr>
<tr>
<td><strong>Commingled waste</strong></td>
<td>18 tonnes</td>
<td>18 tonnes</td>
</tr>
<tr>
<td>Recycled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landfilled</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2307 tonnes</td>
<td>2238 tonnes</td>
</tr>
<tr>
<td><strong>General waste</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3421 tonnes</td>
<td>3027 tonnes</td>
</tr>
</tbody>
</table>

Some of the general waste figures are based on estimations where waste disposal in shared office facilities is not able to be weighed.

### Table 9

**Fuji Xerox Australia CO₂ emissions (excluding transport of goods and air travel)**

<table>
<thead>
<tr>
<th></th>
<th>FY04/05</th>
<th>FY05/06</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Electricity, gas</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY04/05</td>
<td>7114 tonnes</td>
<td>6901 tonnes</td>
</tr>
<tr>
<td><strong>Petrol</strong></td>
<td>191 tonnes</td>
<td>91 tonnes</td>
</tr>
<tr>
<td>FY04/05</td>
<td>1492 tonnes</td>
<td>1427 tonnes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8797 tonnes</td>
<td>8419 tonnes</td>
</tr>
</tbody>
</table>
Activities environmental impact

**Customer support centre contribution to global warming prevention**

Whilst we have converted our service vehicles to LP Gas (completed last year yielding an annual reduction in CO$_2$ emissions of more than 500 tonnes) our Customer Support Operations have been making a significant contribution further building on these savings through the creation of remote diagnostic and fix capabilities that dispense with the need for a technician to visit customer sites.

With 113,364 customer calls for assistance satisfied through the use of such tools in the year under review, thousands of calls that would otherwise require say 30 minutes of vehicle transit time and the related CO$_2$ output have been totally avoided.

**A sustainable building for our Canberra Branch**

Last year, when the decision was made to relocate our Canberra Branch in a purpose-built site to better suit our growing activities, the opportunity for improving our local environmental performance was obvious. Moving into a new facility was seen as a chance to initiate more environmental programs right at the design stage of the facilities.

The new facility was designed with the following in mind:

1. **Energy saving initiatives in the interest of reducing our contribution to carbon dioxide emissions**
   - Building orientation with offices facing North, maximising sun exposure for winter to reduce need for heating.
   - Incorporation of two skylight banks in our warehouse area to maximise use of natural light.
   - Installation of Clipsal Bus System strictly controlling the use of lights and air conditioning within the facilities.
   - Movement sensors for lighting requirements in common areas (such as toilets and product showroom).
   - Individual card swiping system allowing lights and air conditioning to be switched on only in required work unit.

The incorporation of a bus stop located just at the front of the building within the business park is also seen as a potential for reducing greenhouse gas emissions when employees use public transport to come to work.
2. Water conservation initiatives

~ Installation of two rain water tanks with a capacity of 10,000 litres each.
~ Rain water used to flush toilets and water landscaping areas.
~ Incorporation of native plants in landscaping areas to minimise the need for watering.

3. Waste management

~ Waste recycling activities continue and improve at our new site. Recycling programs in place for cardboard, paper, metal, pallets and plastics waste.

4. Resource and material conservation

~ Reusing of furniture from previous facilities.
~ Purchasing of second hand office partitions which were refurbished for inclusion in new facilities.

Figure 5 shows the energy savings achieved at our new site. During the first year of operation, we estimate that our energy saving has been preventing around 150 tonnes of carbon dioxide emissions. Also, by using rain water to flush the toilets and to water the gardens occasionally, we estimate that we have already saved in excess of 40,000 litres of water, enough to fill an average private pool.
Engaging stakeholders in our journey to sustainability is a key component of our environmental strategy. This year, we have maintained our efforts to communicate, promote and discuss our environmental successes and challenges and actively engage our key stakeholders. This is critical for us as the commitment and support we gain from our employees, customers, suppliers and the wider community is enabling us to better progress and improve our environmental performance.

**Initiatives for employees**

Within our organisation, we have continued this year to promote our environmental initiatives to our employees, both in terms of the environmental impacts of what we sell and the environmental impacts of our activities. Our eco literacy education program is continuously evolving in the form of training, induction for new starters, a sales guide, environment newsletters and newsflashes.

### Employee Environment Award Program

In August 2005, Fuji Xerox Australia introduced an employee environment award program. The idea is to encourage our employees to share their individual environmental initiatives across the business.

The Program, being run bi-annually, is open to all employees and recognises individual actions being carried out in the workplace or outside the business, which directly benefit our environment. Each application is assessed by a cross-functional environment award committee, based on several criteria including the environmental benefit and, most importantly, how easily the initiative can be replicated by others. The winner receives a framed certificate as well as a small cash reward.

Congratulations go to Eddie Chiew for being the first winner of a Fuji Xerox Australia Environment Award. Eddie Chiew, Head Office Administration Assistant, applied for the environment award for his initiative in reducing internal paper usage by saving all Petty Cash reports on CDs instead of printing and archiving hardcopy reports. Eddie’s individual initiative is making a significant contribution to our internal paper usage reduction target by saving an estimated 20,000 pages a year. Saving natural resources and reducing carbon dioxide emissions are amongst the many environmental benefits that Eddie’s initiative generates.

Actively engaging our employees has also been on our agenda this year. Thanks to our local environmental champions who share their enthusiasm and willingness to keep protecting the environment, we have kept raising environmental awareness through a number of activities including a bush regeneration day.
Customer engagement

Customers’ expectations with regard to accessing information on our products and their environmental impact have kept rising over recent years. We are seeing a real awakening, particularly in the more responsible corporations, where the environment is genuinely being factored into their purchasing practices. Whilst this approach is far from universal we encourage it because we believe it is an imperative for society and because we have gone to great lengths to produce environmentally friendly equipment and to run our business paying close attention to minimising our environmental impacts.

Within our business, this trend has driven a much closer relationship between our environmental team and our sales force. During the year, we have been sharing both our site environmental initiatives and our design for the environment activities with our customers, giving presentations, and making available posters and various eco-education tools. We believe we have been successful, the response has been terrific and we believe our work has helped strengthen our relationship with customers.

This year, we have started to actively engage our dealers with regards to our environmental initiatives. A presentation highlighting our design for the environment activities was given during our annual Fuji Xerox dealers conference. In the future, we intend to work more closely with our network of dealers, sharing our initiatives and promoting best environmental management practices.

Employee engagement

Tree planting day
With the support of Maria Wen, our NSW State Operations Manager, employees from our NSW Sales and Service Teams were invited to take part in a Bush Regeneration Day in cooperation with our local City of Ryde Council. And what a great success it was! As many as 20 employees volunteered to participate in the mulching and revegetating of an area along Strangers Creek within the Field of Mars, just a few minutes drive from our Head Office in Sydney. Under the supervision of Ryde Council’s Bushcare Coordinator, our volunteers spread over 30 cubic metres of mulch and planted 250 native trees and shrubs in only a few hours.

Eco awareness in our Perth Branch
As early as 2004, the Perth Branch felt it needed an identity, an easily recognisable feature that would represent the ‘environment’ and our aspiration to run a ‘Healthy, Sustainable, No pollutants’ business. Kris Gilich, our WA Environmental Coordinator, achieved this by displaying frogs throughout the premises and by having a frog mascot for each year. The frog was selected as it is a creature that can only live in a healthy and sustainable environment. The frog displays in the branch range from window decals, stuffed frogs suspended from ceilings to ones made from recycled metals. This creates a talking point, as our visitors want to know what the frogs represent. This allows staff to explain that the frog represents our environmental challenges, projects and commitment to work towards a sustainable environment.
Engaging people on environmental activities

“I have been working in sales here for about 6 years and in that time, not only have we seen a growth in environmental concerns globally, but our customers are showing more interest in our company’s environmental position. Recently, when we discussed the benefits of EA toner, customers from a law firm were particularly interested in our CO₂ emissions reduction, as they are very committed to it in their daily practices. When we quoted the 35% less CO₂ emissions, one customer queried, ‘exactly how much better is this? 35% better than how poorly it was prior?’. Customers are asking for a quantified explanation, not just some feel-good statements.”

BLAIR HATHERLEY
Senior Account Executive, Fuji Xerox Australia, NSW Branch

Dealing with Suppliers

In dealing with the products that we sell, our parent company Fuji Xerox Company Limited is our main point of contact. We continuously seek their expertise in providing us with the information we need on our products and their potential environmental impact. Our parent company supplies us with products that are designed with both the environment and our customers in mind. Fuji Xerox Company Limited makes a wide range of information available on the environmental aspects of their products in their own communication materials including web pages and the Fuji Xerox Company Limited Sustainability Report.

With regards to the purchase of goods for use within our facilities, we have started to promote our environmental requirements to our suppliers by undertaking an assessment of our major suppliers periodically as part of our quality and environmental management systems. This year, we have continued to make available to our employees our local Green Purchasing Guide and Product Assessment Tool in an effort to assist staff in making wise choices when purchasing goods for use in our sites.

We intend to strengthen our supplier engagement program and have conducted a cross functional Green Purchasing workshop this year which will lead to a full review of our program in the next year. We need to move progressively to a position where we test our suppliers on the full range of matters that underpin true sustainability and take action accordingly.

Environmental sponsorship

In the last two years we have sponsored as a commercial initiative the My Business Awards for small business. It is doubly rewarding when the winner turns out to operate a business that shares our own values in terms of both their commitment to the environment and a profound vision of sustainability that was a credit to a company of their size. We also provided some support to the RACV Energy Breakthrough.
My Business Award

This year, the winning company of the Fuji Xerox Award for Outstanding Excellence, Rockcote Enterprises stood out in all areas of business with a particular focus on environmental commitment.

What was particularly impressive about this company is that it has been ‘green’ for over two decades. Queensland based Rockcote Enterprises is a leader in the manufacturing of decorative architectural coating, pre-blended cement renders and patching compounds. For over two decades, Rockcote has been creating building products in harmony with the environment and has been highly recognised for its initiatives. Rockcote had been manufacturing chemical-free products, made to recipes that are often centuries old. One of the most recent innovations of Rockcote has been the creation of ‘green’ paints, free of hazardous chemicals and dangerous VOCs (Volatile Organic Compounds).

Rockcote is all about sustainable business practices. On the company’s Environment Position Statement, we can read Rockcote’s definition of sustainability “A dynamic process which enables all people to realise their potential and to improve their quality of life, in ways that simultaneously protect and enhance the earth’s life support system”.

This is what we also believe sustainable business is all about: growing as a company, supporting our people and protecting the environment at the same time.

2005 RACV Energy Breakthrough

Fuji Xerox Australia Business Manager, Anthony Lewis decided to sponsor a very special project last year...It’s pink, fast, on wheels and it’s also eco-friendly! When asked about supporting an all girls college team to race their hybrid car in the 2005 RACV Energy Breakthrough, Anthony didn’t hesitate.

The RACV Energy Breakthrough is a program designed to provide opportunities for students, teachers, parents and local industry to work together to design and construct a vehicle, a machine or innovation in technology that will represent an energy breakthrough. The program encourages participants to examine and use the latest technology while considering its impact on the environment and the way people live locally and globally.

It was a wonderful opportunity for Mater Christi College girls to step outside of their comfort zone. After building a newly streamlined hybrid car (petrol / pedal) and well thought out gearing ratios, the girls tackled the race with determination. After completing only 398 laps last year, this year’s car was able to complete 516 laps in the 24 hours allocated. The race was a gruelling 24 hours with a number of injuries, heat exhaustion and a roll over crash. Yet at the end of the day the girls managed to overcome all adversity to proudly finish the race.
Engaging people on environmental activities

Environmental disclosure and discussions

Our first Fuji Xerox Australia Sustainability Report has to be one of our main achievements of last year in term of environmental disclosure and sustainability disclosure in general.

During the year, we have continued to increase the number of media releases covering our environmental activities. We have also incorporated more environmental updates in our corporate communications magazines such as in our Inspiration magazine sent to our customers as well as our Managing Director’s Communications Bulletin and Staff News. An example of such communications can be found in our March edition of Inspirations.

Our CO₂ information article can be accessed @

We have also provided speakers to share our environmental initiatives and participate in the broader sustainability debate at various conferences and workshops.

A range of communication tools and materials are being used to promote our design for the environment activities and our wider environmental commitment, our E-bags were enhanced this year incorporating a new environmental presentation in the form of a mini-CD. We have also continued to promote our Officecare environmental management guide during the year.

New revised Officecare Guide

Due to popular demand, our Down-To-Earth Officecare Guide has just been launched in its second edition. We have once again collaborated with the University of New South Wales Institute of Environmental Studies to ensure the guide provides relevant and current statistics and information to help workplaces reduce, reuse and recycle.

The Guide is a practical step-by-step guide to environmental action in the office. It focuses on sustainable management of resources and shows how to reduce energy, paper and water consumption and dramatically reduce the office workplace’s negative impact on our environment.

This second edition includes all the popular tools subscribers are familiar with and brings them into relevance using the latest environmental information and statistics available. Testament to its success, the Guide is now in its third re-print and is accessible on-line. To date, the Guide has been distributed free to over 2000 Officecare subscribers as well as going to businesses, government departments, universities, environmental consultants and not-for-profit organisations.

Our Officecare Program can be accessed @ http://www.fujixerox.com.au/officecare/
Assurance Statement –
Fuji Xerox Australia’s Sustainability Report 2006

To Fuji Xerox Australia’s stakeholders,

Banarra Sustainability Assurance and Advice (Banarra) was commissioned by Fuji Xerox Australia (Fuji Xerox) to conduct a report assurance of Fuji Xerox Australia’s Sustainability Report 2006 (The Report) using the AA1000 Assurance Standard. In conformance with the AA1000 Assurance Standard, our approach overall was directed at assuring The Report in terms of its materiality, completeness and responsiveness.

This is Banarra’s first assurance assignment with Fuji Xerox.

In summary
We believe The Report provides a fair and balanced representation of Fuji Xerox’s material sustainability issues in a way that allows stakeholders to make informed decisions about its sustainability performance. As part of our assurance process, opportunities for improvement were identified, including the introduction of formal processes for identifying material issues and the greater articulation of future targets and commitments.

Assurance scope
Our assurance scope included all of The Report, with the exception of the appendix relating to Fuji Xerox Printers and testing whether The Report is in accordance with the Global Reporting Initiative (GRI).

The Banarra Assurance Methodology
We developed a register of material issues, identified through research based on the AA1000 Assurance Standard related five-part materiality test. The research included interviews with Fuji Xerox external stakeholders, interviews with internal personnel, reviews of the results of Fuji Xerox’s own engagement with customers and employees and reviews of a wide range of internal documentation such as policies and meeting minutes. We also conducted internet-based research for relevant issues, standards and peer sustainability reports.

Of the 155 relevant issues identified, our criteria found 32 to be material. We used these issues to focus our testing of The Report.

We tested 88% of all claims and data in The Report by developing audit trails, investigating assumptions, reviewing data generation procedures and conducting interviews.

We noted a number of errors in the figures and claims initially presented. All errors were addressed and have been corrected in The Report.

Materiality – Has Fuji Xerox identified what’s important?
We are pleased to note that following the publication of its first sustainability report in 2005, Fuji Xerox proactively sought feedback on the form and content of The Report from selected internal and external stakeholders. We also note that Fuji Xerox has comprehensive processes for identifying customer issues and conducts a regular employee survey. However we were not able to identify a formal internal process for identifying stakeholders and establishing the material issues for reporting.

The majority of the material issues we identified are acknowledged in The Report, however some issues are not addressed, for example gender balance and the approach to work life balance.

Completeness – Has Fuji Xerox understood these issues?
In our view Fuji Xerox has identified and accounted for its understanding of the majority of its material issues and impacts. Of particular note was the comprehensive nature of the environmental section of The Report, including increased articulation of key challenges, learnings and historical trend data. It also contains future commitments, such as the implementation of water consumption monitoring.

Continued overleaf
Fuji Xerox could more completely communicate its understanding and responses to some of its material issues in The Report. For example, the challenge shared by the business community in general of maintaining an adequate workforce of appropriately skilled employees.

**Responsiveness – Has Fuji Xerox responded to these issues?**

The Report accounts for the majority of Fuji Xerox’s responses to its material issues. There are some issues identified within The Report where a response is not provided, for example how Fuji Xerox is addressing the challenges of embedding sustainability.

In addition, The Report acknowledges the human rights obligations arising from having an international supply chain, but Fuji Xerox’s response is limited to noting the participation of its parent company in the Global Compact. This is a material issue and as such would benefit from a discussion of Fuji Xerox’s responses to this commitment.

**Opportunities**

We have identified a number of opportunities for improvement, these include:

~ Implement a process for identifying stakeholders and what is material for inclusion in future sustainability reports;

~ Consider including additional data, such as lost time injury frequency rate, that would provide a more complete account of health and safety performance;

~ Increase the number of performance targets and future commitments articulated in the report;

~ Review those issues acknowledged in The Report that have yet to be formally responded to; and

~ Publish the report closer to the end of the reporting period.

**Independence**

Banarra was paid by Fuji Xerox to conduct this assurance assignment. The fee constitutes approximately 8% of our revenue for 2006. Other than this payment and a senior executive of Fuji Xerox being Richard Boele’s stepfather’s cousin, the assurance team declares itself independent in relation to Fuji Xerox and its stakeholders. A detailed statement on our competence, impartiality and methodology is provided at www.banarra.com

Richard Boele  
Certified Lead Sustainability Assurance Practitioner (IRCA No. 1188527)

Katharine Walters  
Sustainability Assurance Practitioner

Banarra Sustainability Assurance and Advice
Sydney, Australia
5 December 2006
Fuji Xerox Printers (FXP) (a branch of Fuji Xerox Company Limited of Japan) distributes colour and monochrome printers and multifunction devices across the Asia Pacific region. FXP is committed to delivering products, services and technologies which provide outstanding value to our customers. FXP currently employs 90 people within Australia having experienced rapid growth since inception in 2003. By the end of March 2006, FXP had sold almost 17,000 printers during the fiscal year, achieving 40% unit growth. FXP continues to be recognised in the industry as the fastest growing printer company in the region.

FXP believes that corporate value and quality is truly measured not only by economic presence, but also by social contribution and a sense of responsibility to the region in which we conduct our activities. In FXP, passion for the environment underlies much of our activity and key directions. In addition to this, a strong corporate philosophy of community engagement has seen several new initiatives undertaken.

FXP contributed to the World Vision program throughout the year, with corporate sponsorship of children from Vietnam, Thailand, Haiti, Zambia and Nicaragua. Many staff communicate regularly with these children, and their progress is followed closely by staff and management alike. Several fund raisers have been held to support not-for-profit organisations including the Australian Cancer Council, the National Breast Cancer Foundation and the Children’s Medical Research Institute.

A contribution of computer equipment was made to Scouts Australia N.S.W. Oakville branch to help facilitate JOTI, the ‘Jamboree On The Internet’. This allows the youth members to exchange experiences and cultures during the largest activity in World Scouting. JOTI provides the awareness that the Scouts belong to a worldwide movement and FXP was pleased to be involved in such an event as it too is comprised of staff from many different countries and cultures.

Our company has provided information technology equipment such as servers, computers and monitors to the Oakville Rural Fire Brigade, one of the biggest Rural Brigades in N.S.W. Last year the brigade built a new 3 bay Fire Fighting Facility, with labour from the members and an assigned volunteer from FXP. As part of this process an internal data network was setup in order to provide real time data feeds via the Internet. This data includes a requirement to update GPS information, weather station data, and to load and store topographical maps. Weather reporting is one of the most important factors in fire fighting, and the information provided makes up the critical information used by fire fighters in developing situation reports.

On the environmental front, FXP is ISO14001 accredited and has actively worked on reducing our greenhouse gas emissions by 79% over the past two years, and has recycled 87% of waste output. We have planted more than 14,000 trees in the Oceania region to support regeneration of native forests, and have a current goal to become a carbon neutral operation. Our largest project is currently developing an effective solution for recycling our toner cartridges across the region, and we are excited about commencing this program over the coming year.
Another example of Eco consciousness is the continued development and sale of solid ink technology. The impact of this technology minimizes the use of consumables dramatically and eliminates print cartridges altogether, reducing the amount of consumables waste generated by 95 percent over the life of the product. Fewer consumables translate into lower operating costs, increased reliability and ease of use, and of course, conservation of resources.

Experience tells us that sustainable business practices are not only socially responsible, but integral to long-term business growth and success. Though our corporate citizenship successes are a source of pride, the challenges evolving across all levels of business and society mean that we must aim for even higher levels of performance. We look forward to taking on this challenge during the coming year.

PETER DIPROSE
Environment Manager, Fuji Xerox Printers, 3rd October, 2006
# APPENDIX 2

## GRI content index

<table>
<thead>
<tr>
<th>VISION AND STRATEGY</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of vision and strategy regarding sustainable development</td>
<td>4</td>
</tr>
<tr>
<td>Statement from the CEO</td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROFILE</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation profile</td>
<td>11</td>
</tr>
<tr>
<td>Report scope</td>
<td>2</td>
</tr>
<tr>
<td>Report profile</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GOVERNANCE STRUCTURE AND MANAGEMENT SYSTEMS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure and governance</td>
<td>11</td>
</tr>
<tr>
<td>Stakeholder engagement</td>
<td>2, 17, 23</td>
</tr>
<tr>
<td>Overarching policies and management systems</td>
<td>12</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GRI CONTENT INDEX</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table identifying the elements of the GRI report content</td>
<td>58</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PERFORMANCE INDICATORS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated indicators</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ECONOMIC PERFORMANCE INDICATORS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct impact</td>
<td>9</td>
</tr>
<tr>
<td>Indirect impact</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ENVIRONMENTAL PERFORMANCE INDICATORS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials</td>
<td>44</td>
</tr>
<tr>
<td>Energy</td>
<td>45</td>
</tr>
<tr>
<td>Water</td>
<td>44</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>–</td>
</tr>
<tr>
<td>Emissions, effluents and waste</td>
<td>45</td>
</tr>
<tr>
<td>Suppliers</td>
<td>–</td>
</tr>
<tr>
<td>Products and services</td>
<td>34</td>
</tr>
<tr>
<td>Compliance</td>
<td>32</td>
</tr>
<tr>
<td>Transport</td>
<td>45</td>
</tr>
<tr>
<td>Overall — expenditures</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SOCIAL PERFORMANCE INDICATORS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>16</td>
</tr>
<tr>
<td>Labour/management relations</td>
<td>22</td>
</tr>
<tr>
<td>Health and safety</td>
<td>21</td>
</tr>
<tr>
<td>Training and education</td>
<td>18</td>
</tr>
<tr>
<td>Diversity and opportunity</td>
<td>16</td>
</tr>
<tr>
<td>Human rights — strategy and management</td>
<td>32</td>
</tr>
<tr>
<td>Human rights — non discrimination</td>
<td>16</td>
</tr>
<tr>
<td>Human rights — freedom of association and collective bargaining</td>
<td>32</td>
</tr>
<tr>
<td>Human rights — child labour</td>
<td>32</td>
</tr>
<tr>
<td>Human rights — forced and compulsory labour</td>
<td>–</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>29</td>
</tr>
<tr>
<td>Society — bribery and corruption</td>
<td>32</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>26</td>
</tr>
<tr>
<td>Product responsibility — products and services</td>
<td>26</td>
</tr>
<tr>
<td>Product responsibility — advertising</td>
<td>–</td>
</tr>
<tr>
<td>Product responsibility — respect of privacy</td>
<td>28</td>
</tr>
</tbody>
</table>

*Note: This year, we have continued to use the 2002 GRI Guidelines and aim to use G3 when reporting again next year.*