Sustainability Report 2008
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The last year has witnessed further progress on our sustainability journey. The Fuji Xerox Australia vision has been refined in line with our aspiration to achieve sustainable outcomes for all stakeholders. The execution of this vision requires an organisation with profitability, longevity, robust governance and management frameworks and a holistic view of the contribution we can make to improved economic, social and environmental outcomes.

Our Sustainability Report is intended to outline how we are responding to that significant challenge. For our customers this means providing an innovative solution that spans every aspect of their document systems and processes, and helps them increase productivity, control costs and reduce environmental impact. For our employees this means offering rewarding careers within a flexible, diverse and safe working environment and engaging them in a performance culture that rewards not just what they achieve but how they achieve it.

Responsibility to stakeholders is a key tenet underpinning our approach to sustainability. In fact we see our ongoing sustainability as an outcome of running our organisation in a responsible way. In our last Report we described the seven areas where we are held to account by our stakeholders. These areas of accountability are depicted below – our Sustainability Report is structured accordingly, describing how we are doing in each area. (Diagram below)

This year we have begun to develop a sustainability management and reporting framework that collates targets and programs for improvement across our seven areas of accountability. This framework is the basis for our Report and helps us to make the implicit work we do towards sustainability more explicit, so that it can be better measured, managed and reported.

Many materially significant aspects of our sustainability are already well addressed in the management structures of the business, such as employee engagement, customer satisfaction and environmental management. Our task now is to clearly communicate targets and continuously improve our performance in those areas as well as identifying the emerging issues on which a new response is required.

Message from our Managing Director

‘Sustainability in its broadest sense underpins our business. We aim to run Fuji Xerox Australia based on a set of principles that guide continuous improvement across economic, environmental and social criteria. Our responsibility to internal and external stakeholders spans these three pillars of sustainability. Whether they are employees, customers, business partners or the broader community, our stakeholders expect us to act as a good corporate citizen by finding the right balance between economic, environmental and social considerations.’

ANDY LAMBERT, Managing Director
In the year under review our business performance remained strong. We maintained our overall market leadership position and experienced our seventh consecutive year of revenue growth through the combined achievements of every business division. The ongoing development in the market for office colour devices and the growth of our services business through a business processing acquisition warrant particular mention. Our leadership position, advancing the market for document solutions through innovation, is well reflected in the installation of three of our top-of-the-range high-volume digital printing devices with a significant Australian client – a first for Fuji Xerox across their global business. However we continue to experience the growing pains of a business moving up the value chain; as we turn our focus to customer-driven solutions the organisation is learning to better orient itself around the customer.

We continue to minimise the environmental impact of our own business operations, especially in the area of carbon management. Responding to climate change has become an imperative across every sector of our society – business and industry play a critical role. This year we have expanded the scope of our carbon management to include transport logistics and employee air travel because we feel these aspects are materially relevant. This has increased our measured footprint and necessitated the review of our carbon target and the development of new carbon management programs across our business.

On closing I would like to note the launch of a revised corporate identity as well as a new sustainability advertising campaign for Fuji Xerox in Australia (see page 9). I truly see sustainability as the heart of our business. The company, its management and its staff are driven to create sustainable value for our customers and that is reflected in our long-standing commitment to environmental responsibility and continuous improvement across all areas of the business.

As a stakeholder reading this Report, I hope that we have provided you with a ‘sustainable outcome’ in our dealings together. I invite your direct feedback in that regard, essential if we are to continuously improve on our sustainability journey.

Yours sincerely,

Andy Lambert
Managing Director.
Stakeholder engagement and materiality frameworks

We see sustainability as an outcome of running our organisation in a responsible way. This involves providing a response to internal and external stakeholders on the issues that concern them relative to our economic, social and environmental performance. In the last year we have worked on our stakeholder engagement framework and begun to develop an organisational materiality process so we can better identify and prioritise those issues.

Diagram below

Preparation for this report involved co-relating the issues identified in our employee engagement survey, customer satisfaction surveys and risk register with the findings of a multi-stakeholder sustainability survey. We found that some common issues were identified and they also appeared in the strategic planning mechanisms of the business. Analysing the recurrence of sustainability issues in our feedback and planning mechanisms provides us with a register of material (most important) issues, which are explored in detail in this Report.

We will continue to refine the materiality process by which we identify our key sustainability impacts, risks and opportunities and better align it with risk management. This will help us reflect on the implications of these challenges on our financial performance and long-term prospects, which will in turn help us to prioritise and assign resources.
Key impacts, risks and opportunities

Through our materiality process we found that the following issues took precedence. We are currently undertaking work to develop targets and key performance indicators for every area of accountability. This table is a work in progress; it reflects that we are on a progressive journey to embed sustainability management, measurement and reporting across the organisation.

<table>
<thead>
<tr>
<th>Area of accountability</th>
<th>Material issue (and rank)</th>
<th>Performance</th>
<th>Achievements in 07/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business profitability and longevity</td>
<td>Business performance (9)</td>
<td>●●●</td>
<td>Seventh consecutive year of revenue growth; Market leadership maintained; Continued growth in office colour market; and Expansion of services business.</td>
</tr>
<tr>
<td></td>
<td>Embedding sustainability (11)</td>
<td>●●●</td>
<td>Development of a stakeholder engagement framework and first multi-stakeholder sustainability survey; Development of a materiality process and first register of material issues; and Development of a sustainability management and reporting framework (ongoing).</td>
</tr>
<tr>
<td></td>
<td>Values and ethics (20)</td>
<td>●●●</td>
<td>Reflection on core values and integration into sustainability management process.</td>
</tr>
<tr>
<td></td>
<td>Legal compliance (18)</td>
<td>●●●●</td>
<td>Compliance training broadened; and 511 staff undertook compliance training.</td>
</tr>
<tr>
<td>Corporate governance and compliance</td>
<td>Helping customers become more sustainable (5)</td>
<td>●●●</td>
<td>Development of a carbon calculator to measure customer equipment energy use; ApeosPort III / DocuCentre III C3300 / C2200 won Eco Products award; and Equipment settings optimised for energy efficiency as default.</td>
</tr>
<tr>
<td></td>
<td>Customer satisfaction with equipment support and services (1)</td>
<td>●●●</td>
<td>Improvement in how we hear the voice of the customer - survey frequency, questions and audience targeting; Equipment reliability - achieved reduction in maintenance hours per million prints; Order fulfilment process enhancement (ongoing); Improving customer training (ongoing); and Improving customer service and support (ongoing).</td>
</tr>
<tr>
<td>Satisfying customers</td>
<td>Innovation (14)</td>
<td>●●●●</td>
<td>Research in web-driven communications (ongoing); and Services innovation for customers (ongoing).</td>
</tr>
<tr>
<td></td>
<td>Product stewardship (2)</td>
<td>●●●●</td>
<td>New parts and sub-assemblies remanufacture programs; Increased parts collection and improved returns process; 243,000 parts remanufactured in our Eco-Manufacturing Centre; and 1,360 tonnes shipped to Asia Pacific Integrated Recycling Centre.</td>
</tr>
<tr>
<td></td>
<td>Sustainable paper (16)</td>
<td>●●●</td>
<td>Growth in recycled paper sales; and Clarification of organisational position on sustainable paper.</td>
</tr>
<tr>
<td>Providing a responsible solution</td>
<td>Mitigating environmental impacts of equipment (13)</td>
<td>●●●●●</td>
<td>Further hazardous substances removed from products; Additional energy efficiency achievements; and Emulsion Aggregation Eco-Toner lowered energy use during toner fusion to paper.</td>
</tr>
<tr>
<td></td>
<td>Employee engagement (2)</td>
<td>●●●</td>
<td>First employee engagement survey - 55% participation and 49% employees fully engaged.</td>
</tr>
<tr>
<td></td>
<td>Recruitment and retention (7)</td>
<td>●●●</td>
<td>Developed new recruitment strategies: Provided entry-level traineeships; and Formed strategic relationships with careers advisors.</td>
</tr>
<tr>
<td></td>
<td>Organisational development (6)</td>
<td>●●●</td>
<td>New performance management system launched; Redefinition and repositioning of position descriptions (ongoing); and Appointment of a national sales coach.</td>
</tr>
<tr>
<td></td>
<td>Remuneration and recognition (15)</td>
<td>●●●</td>
<td>1,047 compliments given to staff from internal and external customers.</td>
</tr>
<tr>
<td></td>
<td>Occupational health and safety (12)</td>
<td>●●●</td>
<td>Improvements across OHS reporting systems and OHS review procedures.</td>
</tr>
<tr>
<td>Engaging employees</td>
<td>Sustainable supply chain (4)</td>
<td>●●●</td>
<td>Review of ‘indirect’ procurement system (ongoing).</td>
</tr>
<tr>
<td></td>
<td>Mitigating environmental impacts with business partners (19)</td>
<td>●●●</td>
<td>New carbon management program with logistics suppliers (ongoing).</td>
</tr>
<tr>
<td>Influencing sustainability outcomes</td>
<td>Community engagement (17)</td>
<td>●●●</td>
<td>$36,656 in matched donations; 887 volunteer hours; and $43,500 in Community Service Awards.</td>
</tr>
<tr>
<td></td>
<td>Environmental management of business operations (10)</td>
<td>●●●</td>
<td>Maintained ISO 14001 certification; Advanced visibility of paper consumption and reduced paper use relative to revenue; Trained environmental coordinators and developed site specific environmental scorecards; and Launched quarterly challenges to increase visibility of site environmental performance.</td>
</tr>
<tr>
<td>Minimising environmental impact</td>
<td>Carbon management (3)</td>
<td>●●●</td>
<td>23% GreenPower™ achieved; and Automatic PC shutdown implemented.</td>
</tr>
<tr>
<td>Performance rating system</td>
<td>Area of accountability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------</td>
<td>------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>•••••</strong> Performance and management of this issue exceed internal expectations</td>
<td>Business profitability and longevity</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>••••</strong> Performance and management of this issue are both satisfactory</td>
<td>Corporate governance and compliance</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>•••</strong> Performance on this issue is not satisfactory and management programs to address that are in place</td>
<td>Satisfying customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>••</strong> Performance on this issue is not satisfactory and management programs for improvement are required</td>
<td>Providing a responsible solution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Performance not managed or measured</td>
<td>Engaging employees</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Opportunities, challenges and commitments moving forward

<table>
<thead>
<tr>
<th>Area of accountability</th>
<th>Opportunities, challenges and commitments moving forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business profitability and longevity</td>
<td>Maintain leadership in a competitive commoditised marketplace; Create value through customer focused solutions; and Leverage sustainability advantage with customers.</td>
</tr>
<tr>
<td>Corporate governance and compliance</td>
<td>Integrate sustainability more explicitly into governance, planning and management frameworks; Align risk management approach with materiality process and refine both; and Implement a sustainability champions program in 08/09.</td>
</tr>
<tr>
<td>Satisfying customers</td>
<td>Develop a new code of conduct in 08/09 to better instil ethics and values.</td>
</tr>
<tr>
<td>Providing a responsible solution</td>
<td>Reduce our customers' environmental footprints by providing resource efficient solutions; and Achieve target sales of most energy efficient devices (51% of total office colour device sales) to help reduce Asia Pacific customers' carbon emissions by 932 kilotonnes in 08/09.</td>
</tr>
<tr>
<td>Engaging employees</td>
<td>Improve how we hear the voice of the customer - provide an online feedback mechanism in 08/09; Improve online support assistant knowledge database; Decrease customer maintenance hours per million prints in 08/09 - 8% (office) and 3% (production) on previous year; Implement Global Services transition and transformation initiative in 08/09; Monitor customer satisfaction drivers with production clients; and Achieve overall customer satisfaction index of 95% (40% very satisfied).</td>
</tr>
<tr>
<td>Influencing sustainability outcomes</td>
<td>Recognise, foster and reward innovation.</td>
</tr>
<tr>
<td>Minimising environmental impact</td>
<td>Achieve 280,000 parts remanufactured and 60 new remanufacture programs in 08/09 including six high value programs; and Explore tension between zero landfill goal and other environmental targets relating to greenhouse gas emissions.</td>
</tr>
<tr>
<td></td>
<td>Seek Program for the Endorsement of Forest Certification chain of custody certification in 08/09; Educate stakeholders about sustainable paper in 08/09; and Bring new Forest Stewardship Council and Program for the Endorsement of Forest Certification certified paper stocks to market in 08/09.</td>
</tr>
<tr>
<td></td>
<td>Support parent company initiatives that seek further improvements.</td>
</tr>
<tr>
<td></td>
<td>Target 5% improvement in engagement levels in every division in 08/09.</td>
</tr>
<tr>
<td></td>
<td>Improvements in communication of total value proposition to employees in 08/09; and Improving employee engagement (see above).</td>
</tr>
<tr>
<td></td>
<td>Transition to culture of manager-led development – this will require new types of support, coaching and tools to help managers build capability.</td>
</tr>
<tr>
<td></td>
<td>Foster non-financial recognition.</td>
</tr>
<tr>
<td></td>
<td>Disclose lost time injury frequency rate in 08/09; and Conduct systematic OHS risk assessment and site review in 08/09.</td>
</tr>
<tr>
<td></td>
<td>Develop sustainable supply chain approach in indirect procurement in 08/09; and Test suppliers' compliance with sustainable paper standards and review standards and processes.</td>
</tr>
<tr>
<td></td>
<td>Launch new dealer sustainability program to reduce environmental impact of business operations in 08/09.</td>
</tr>
<tr>
<td></td>
<td>Review community initiatives and establish areas for improvement.</td>
</tr>
<tr>
<td></td>
<td>Certification of environmental management systems for three new sites; Reduce waste to landfill and appoint new waste management provider in 08/09; All future office developments in line with Green Star™ 4-star requirements; and Improve divisional accountability by sharing environmental targets with site managers in 08/09.</td>
</tr>
<tr>
<td></td>
<td>Achieve 100% GreenPower™ by 2011; and Establish a new carbon target and carbon reduction programs in 08/09.</td>
</tr>
</tbody>
</table>
**Report scope and approach**

**Reporting as a learning process**

This is our fourth Sustainability Report intended to give our stakeholders an insight into our response to the challenges of sustainability. We strive for continuous improvement with each Report. Enhancements to the reporting process and output this year include:

- Development of a stakeholder engagement framework;
- Design of a multi-stakeholder sustainability survey to identify issues of concern;
- Development of a process to identify material sustainability issues and our first materiality register;
- Establishment of new targets in many areas of the Report;
- Improved presentation of performance against targets;
- Summary sections clarifying performance in each area of the Report;
- More timely reporting cycle four months after the close of the financial year.

The 2008 Sustainability Report complies with GRI level B+ requirements and has been independently assured by Banarra Sustainability Assurance and Advice in accordance with the AA1000 assurance methodology.

**Reporting cycle**

Information provided in this Report covers the financial year ending 31st March 2008, in some material cases information is provided on events that occurred after year-end. In line with a commitment made in our 2007 Report, we have established a more timely reporting cycle. This Report was published in July four months after our financial year has closed and ten months after our last Report.

**Report boundary**

This Report covers the Fuji Xerox Australia operation, which includes:

- Fuji Xerox Australia Pty Limited and its sister company Fuji Xerox Finance Limited. The financial figures in this Report reflect the statutory accounts for both these entities, adjusted where applicable for inter-company transfers.
- In the last financial year we acquired the former KAZ BPO business from the Telstra Group, which is reflected in our financial accounting and staff numbers. However we have not yet included environmental data for those operations in our reporting. This will be addressed with the implementation of environmental management systems in 08/09.
- The Report does not include the managed services we provide on some customer sites. We recognise that the outsourcing of business processes such as print / design / mail and office services to us presents a challenge in environmental data collection.
- Fuji Xerox Australia operates a regional product distribution hub and a regional support centre on behalf of its parent company. Whilst these operations include staff employed by both our parent and us, they are effectively controlled by Fuji Xerox Australia, accommodated in our premises and contribute to our business results and therefore are considered within the boundary of this Report.
- It does not include Fuji Xerox Printers, although their operations are outlined in an appendix at the back of this Report.

While the scope of this Report is restricted to our operations in Australia, we acknowledge our impacts extend through an international supply chain including the manufacture of our equipment in China, Europe and America, the sourcing of our paper from various global suppliers, the remanufacturing and recycling of our products in Thailand, and the international logistics associated with our product transport. Our parent company, Fuji Xerox Company Limited, produces a broader Sustainability Report that incorporates the sustainability performance of other group companies.

**Engaging staff**

Every year, we involve our employees in the design of our Report by running a photo competition, which also encourages reflection on sustainability. The response has been fantastic this year and our management team have shown great interest and enthusiasm in reviewing the submissions. For the second consecutive year the front cover displays the work of Netra Chetty and her reflections on the broad concept of sustainability. This photo depicts our employees circling their hands and giving the sustainability symbol, which represents the three pillars of sustainability economy: environment and society. More staff photos are featured throughout the Report.

The 2008 Report preparation process involved divisional participation in the provision of content and in the development of new targets in all areas of the Report. We will continue to hone internal management, measurement and reporting procedures on an ongoing basis.

The Report is sent to every employee’s home and managers are encouraged to explore its findings with their staff at team meetings.

**Report availability and feedback**

Our Sustainability Report is produced annually and made available on our external website. We invite our readers to share comments, suggestions and thoughts on this Report and on our activities in general by contacting Amanda Keogh, National Environment and Sustainability Manager on environment@aus.fujixerox.com.

Our sustainability team would like to thank all the people too many to name, who participated in the production of this Report, contributors, photographers, designers, editors and all of those who supported this project and provided feedback on last year’s Report. The release of this Report would not have been possible without their assistance and input.
Fuji Xerox Australia sustainability advertising campaign

For Fuji Xerox, sustainability embraces more than being ‘green’. Our ongoing focus on customers, quality, environmental performance and business prosperity demonstrates that we have been implicitly addressing some of the key principles underpinning business sustainability for quite some time. In fact, many universities cite our achievements in end-of-life resource recovery in their corporate responsibility courses.

Because sustainability is at the heart of our business, it influences everything that we do. That is why we have decided to use sustainability as the theme of our new corporate advertising campaign. The campaign highlights our business sustainability initiatives and the ways in which we can help our customers make their own organisations more sustainable through innovation in document systems.

To visually represent our commitment to sustainability, we have developed a striking 3-coloured graphic of a heart with three curved arrows. Each colour and arrow symbolises a single element of sustainability, and combined together they illustrate the interdependent and ongoing nature of our commitment to economic, social and environmental responsibility.

Being a sustainable business involves continuous improvement across economic, social and environmental criteria. Our responsibility to internal and external stakeholders requires us to find the right balance between these considerations:

- **Economic** - making sure that our business is run on sound financial principles to ensure revenue streams for future investment in innovation and growth.
- **Social** - understanding, and responding to, the needs of our employees, customers and the broader community.
- **Environmental** - minimising the environmental impact of our business operations.
Business profitability and longevity
Material issue Performance Achievements in 07/08 Opportunities, challenges and commitments moving forward

<table>
<thead>
<tr>
<th>Material issue</th>
<th>Performance</th>
<th>Achievements in 07/08</th>
<th>Opportunities, challenges and commitments moving forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business performance</td>
<td>••••</td>
<td>Seventh consecutive year of revenue growth; Market leadership maintained; Continued growth in office colour market; and Expansion of services business.</td>
<td>Maintain leadership in a competitive commoditised marketplace; Create value through customer focused solutions; and Leverage sustainability advantage with customers.</td>
</tr>
</tbody>
</table>

Corporate profile
Fuji Xerox is one of Australia’s leading document management technology and services companies marketing innovative technologies, products and services. Fuji Xerox has the experience and knowledge to design and implement document solutions for offices, print rooms, commercial printers or publishing environments, with expertise that includes print solutions, software, office supplies and managed services. The company, our management and our staff are driven to create sustainable value for our customers and that is reflected in our commitment to environmental responsibility and continuous improvement across all areas of the business.

Vision
Helping organisations to share knowledge and information to achieve sustainable outcomes for all stakeholders.

Mission
To be the leader in providing the Australian market with document management services and solutions.

Values
During the last year we reflected on our core values. Following a process of consultation and discussion with a variety of employees we have refined and simplified our values. Our people are at the heart of our sustainability and live our values through day-to-day work. A new visual highlights how our core values work with our goal to be a sustainable organisation. Diagram right

Products and services
With knowledge key to an organisation’s success, Fuji Xerox offers a range of innovative solutions and services to help its customers manage the efficient flow of information, while reducing costs and overhead expenses. The range includes a comprehensive array of technology and software based solutions that address needs from the office through to graphic arts and production environments. Included in this are multifunction devices that can print, scan, copy and fax, document management software, a range of paper products, finishing equipment and supplies as well as specialised managed document services. The company’s high customer satisfaction ratings underpin its reputation as an industry leader in the provision of customer service and technical support.

Sustainability
Socially Responsible Corporate Citizen
Commitment to the Environment
Customer First
Continuous Improvement
Robust Financial Performance
Teamwork
Ethics and Integrity
Employees
Socially Responsible Corporate Citizen

Fuji Xerox Australia core values
Organisation
Integrated Sales and Marketing Division
Markets and sells a complete range of office copier, printer, multifunction devices, production presses, and software solutions to government and commercial customers throughout Australia. Non-metropolitan areas are serviced through a network of over 30 Fuji Xerox authorised dealers.

Global Services
Provides managed document services, offering a wide range of services, products and solutions. Offerings include consulting, imaging, content management, creative and managed services.

Document Supplies Division
Markets a range of paper, supplies and consumables for use in both Fuji Xerox and competitor equipment, as well as a complementary range of office and finishing room equipment.

Customer Service Organisation
Software and hardware support services for customers.

Supply Chain Operations
Warehousing and logistics support across Australia.

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

The Human Resources, Business Services and Corporate Affairs (incorporating Legal and Sustainability) divisions perform services that support the other divisions of the business. A General Manager heads each division and reports to our Managing Director.

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Phone: 02 9856 5000
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Business performance
The year ending 31st March 2008 was another excellent period for the Fuji Xerox Group in Australia, with all operating divisions contributing to an overall revenue growth of 8.7%. Cost increases in the business were held to 5.3% on the prior year, enabling the group to boost its profit before tax. The group continued to increase its total asset position to $832m, reflecting growth in receivables funded by the group, along with further investments in technology. Chart above ▲

During 07/08 the Fuji Xerox Group acquired three companies from Telstra Corporation Limited, which have been merged with the operations of Fuji Xerox Australia Pty Limited. These companies compliment the existing business process outsourcing capabilities of the group, both in terms of its customer base and service offering.
The following tables provide a summary of actual payments made to employees and government during the year, including payments made by the company to employees of our Regional Support Centre and ANZ Hub (these employee payments are charged to our immediate parent company for accounting purposes). **Charts below**

Total revenues of $749m for 07/08 reflect strong performance in all areas of the business. Fuji Xerox Australia has maintained the leadership market share position in the business imaging industry. However the business continues to face significant challenges in maintaining and growing market share in a highly price competitive and commoditised marketplace.

Revenue from both office and production equipment grew on the prior year despite tough market conditions. Sales of production colour units increased by 34% on prior year, whilst office colour units increased by 13%.

Showing continued strong growth, annuity revenues grew by 10.3%. This revenue stream is derived from our Support Services Agreements and reflects the ongoing increase in units of equipment in the field, the number of impressions produced on that equipment and the continuing trend to colour. There were 12.5 billion copies / prints performed on our equipment during the year, with colour prints showing the strongest growth.

Revenues of our Document Supplies Division continued to grow. The percentage of document supplies business transacted through its dedicated website reached a new high of 59.2%.

Global Services also experienced high rates of growth - services based revenue increased by 44%. These business results include seven months of revenues from the newly acquired business process outsourcing entities.
Corporate governance and compliance
Corporate governance and compliance

‘Fuji Xerox Australia strives to be an exemplary corporate citizen by being wholly compliant with all law and regulation and generally behaving in a manner beyond rebuke in all that we do. In support of that objective we maintain a robust governance system and establish frameworks for legal compliance and living our values in the business. We continue to work on integrating sustainability more explicitly into our governance, planning and management frameworks’

RAMSAY MOODIE, Director Corporate Affairs

<table>
<thead>
<tr>
<th>Material issue</th>
<th>Performance</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Embedding sustainability</td>
<td>• • • •</td>
<td>Development of a stakeholder engagement framework and first multi-stakeholder sustainability survey;</td>
<td>Integrate sustainability more explicitly into governance, planning and management frameworks;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Development of a materiality process and first register of material issues; and</td>
<td>Align risk management approach with materiality process and refine both; and</td>
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<tr>
<td></td>
<td></td>
<td>Development of a sustainability management and reporting framework established (ongoing).</td>
<td>Implement a sustainability champions program in 08/09.</td>
</tr>
<tr>
<td>Values and ethics</td>
<td>• • • •</td>
<td>Reflection on core values and integration into performance management system.</td>
<td>Develop a new code of conduct to better instil ethics and values in 08/09.</td>
</tr>
<tr>
<td>Legal compliance</td>
<td>• • • •</td>
<td>Compliance training broadened; and 511 staff undertook refresher compliance training.</td>
<td>Conduct compliance training regularly.</td>
</tr>
</tbody>
</table>

Fuji Xerox Australia parentage

Governance

Fuji Xerox Australia receives operational direction from the Fuji Xerox International Business Group (IBG) based in Singapore. Strategic direction is agreed within a medium range plan, which has a four-year horizon. Operational direction for the business is agreed within an annual operating plan that is developed with IBG guidelines and agreed prior to the commencement of our financial year.

A set of locally established operating policies and procedures and an authority matrix agreed between IBG and local management, inform how the annual operating plan is implemented locally. The role of the local board of directors of the company, like many subsidiaries of international companies, is largely confined to executive authority however two of the board are senior executive managers of the business. Operational control is affected through the office of the Managing Director supported by the General Managers of the respective business divisions.

Operating plan objectives are shared throughout our company via annual planning processes and the performance management system. Key operating plan targets shape the Managing Director’s annual objectives and they are cascaded throughout the organisation through the performance management system. The annual planning process, together with the performance management system, provides the framework for the implementation of the operating plan and for sharing the company’s vision, values and sustainability objectives. The same performance management system is used to measure individual achievement over time and provides a professional development framework.

During the year work was done to build a more strategic risk management framework. This has entailed assembling a risk register for each division, which is aggregated to a corporate level and reviewed regularly at the executive board meeting. A cross-divisional risk committee chaired by the General Manager of Business Services
In the risk management, product safety, waste management and OHS. The executive board meetings and other ongoing operational meetings. Day to day management of the company is achieved through monthly business priorities. These material issues form the basis of a corporate to develop a materiality process that will rank those issues alongside our identify our sustainability issues with our stakeholders and we will continue The development of a stakeholder engagement framework will help us identify the emerging issues on which a new response is required. It is important that we engage staff at all levels of our business on our sustainability journey. Our goal is to ensure that our staff understand our commitment to sustainability and how their day-to-day efforts contribute to sustainable outcomes and we address this in the following ways:

- In 07/08 we have used staff communication meetings, the ‘MD Newsletter’ and ‘Staff News’ to inform our people about our approach to sustainability and all our staff have received a specific bulletin on that topic;
- We also equipped our General Managers to discuss with their staff what sustainability means specific to their divisions;
- A pilot sustainability training session for sales has been successful and will be rolled-out more broadly in 08/09 – our customers increasingly ask us how we help them become more environmentally sustainable.

Legal compliance and ethics

Management approach

Legal compliance, ethics and integrity are foundations stones in our commitment to corporate citizenship. Our ethics, general legal and trade practices act compliance policies support adherence to these principles. These policies are supported by a governance system, overlaid with processes from our parent company and implemented through practical mechanisms. We conduct self-assessment and report against checklists on legal compliance, general business process integrity and the Financial Instruments and Exchange law (JSOX). Internal auditors also review these self-assessment checklists.

Managers in the business are expected to maintain a working knowledge of the law relevant to their area of responsibility. The group legal counsel maintains a watching brief and alerts appropriate senior management to likely business impacts from developments in the law. The principal areas of compliance impacting the business are income tax and corporations law, the law relating to trade practices, OHS and environment law. A Business Manager also oversees each of these areas and external advisers provide specialist guidance wherever appropriate.
We have been disappointed by three material incidents that have occurred in legal and ethical incidents and complaints. We deferred this latter exercise in 07/08 following the incidents outlined below.

- The first related to two equipment orders for allegedly non-existent equipment that were dealt with disciplinary action.
- The second incident involved a sales representative offering an unethical incentive to a potential customer. At the time of writing the individual concerned is attending a remedial ethics course at the St James Ethics Centre in Sydney. We will also test the level of understanding of the conflict of interest provisions in our business ethics policy with a sample of senior sales management personnel. If this testing suggests deficiencies we will conduct specific training in this area.
- The third incident involved a Fuji Xerox Australia sales representative not performing their duties in the best interests of the company by using or attempting to use their position for personal gain. This individual is no longer employed by Fuji Xerox Australia.

In our previous Report we referred to our attempts to agree a morally appropriate settlement of a former employee’s claim relating to an incident that occurred in the early 1990s. Mr Alan Cameron AM was retained to conduct an independent examination of the matter with a view to proposing a fair settlement at the request of both parties. The former employee recently requested that we renew the settlement offer previously made and recommended by Mr Cameron. This was paid in late April 2008 and an appropriate deed of settlement has been executed.

No allegations of irregular or illegal behaviour or practice were received from any regulatory authority in 07/08. During the year we lifted the visibility of our whistle blowing policy and process on our website. This increased visibility has led to numerous contacts being made all of which constituted routine customer complaints, none related to breaches of the law or ethical principles. This highlighted the need to provide an online facility for customers to log complaints as an alternative to making telephone contact, as addressed in section 4.

Data security and privacy

Our management approach to ensuring data security and privacy has the following components:

- All employee contracts include a written obligation to respect the confidentiality of all company and customer information;
- The privacy of our employee records is maintained in accordance with an internally published policy whereby, each employee is allowed reasonable access to his or her file;
- The introduction of a new information security policy addressing:
  - Encryption for all laptops that might carry confidential business and customer information;
  - A requirement that such information only be transported outside our premises in encrypted memory devices;
  - Standard identification cards for all our buildings in 08/09 that will ultimately be used to secure network access over and above current levels; and
  - An incident escalation and reporting system, physical document security arrangements, document classification criteria and rules around the control and erasure of electronic memory;
- Our privacy policy formally commits us to comply with the Privacy Act 1988 and the National Privacy Principles. Whilst no notification of complaints were received from the Privacy Commissioner in the year under review, we do routinely receive and process "opt out" requests asking for removal from our marketing database; and
- We also abide by other marketing regulations and voluntary codes - we have had no incidents of non-compliance reported to us in the year under review.

Financial integrity

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

During 07/08, Fuji Xerox Australia has undertaken significant activities to ensure compliance with the Japanese Financial Instruments and Exchange Law (JSOX), effective from 1st April 2008. JSOX is the Japanese equivalent of the US Sarbanes-Oxley Act of 2002, which sought to restore investor confidence in US capital markets. The focus of JSOX is on corporate governance practices and internal controls of listed Japanese corporations. It requires a statutory report on management’s assessment of the effectiveness of internal control over financial reporting. From April 2008 external auditors must provide an audit opinion on the management assessment process. As a material entity within the Fuji Xerox Group, Fuji Xerox Australia is undertaking the necessary work to ensure that it is fully compliant with the stringent legislative requirements under the JSOX regime, thereby enhancing the rigour of our own financial reporting.
Satisfying customers
Satisfying customers

“Our customers increasingly look for a business partner that can help them meet both their business and environmental objectives. Fuji Xerox technology and services are designed and managed to improve sustainability performance for customers. Our equipment features environmentally responsible design and energy efficient enhancements. Our document software and digital technologies help reduce paper wastage and our services enable clients to improve the efficiency of document intensive business processes and optimise their equipment infrastructure to save costs and cut carbon emissions.’

**Andy Berry, General Manager, Global Services**

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<tbody>
<tr>
<td>Helping customers become more sustainable</td>
<td>★★★★</td>
<td>Development of a carbon calculator to measure customer equipment energy use; ApesPort III / DocuCentre III C3300 / C2200 won Eco Products award; and Equipment settings optimised for energy efficiency as default.</td>
<td>Reduce customer environmental footprint by providing resource efficient solution; and Achieve target sales of most energy efficient devices (51% of total office colour device sales) to help reduce Asia Pacific customers’ carbon emissions by 932 kilotonnes in 08/09.</td>
</tr>
<tr>
<td>Customer satisfaction with equipment support and services</td>
<td>★★★</td>
<td>Improvement in how we hear the voice of the customer - survey frequency, questions and audience targeting; Equipment reliability - achieved reduction in maintenance hours per million prints; Order fulfilment process enhancement (ongoing); Improving customer training (ongoing); and Improving customer service and support (ongoing).</td>
<td>Improve online support assistant knowledge database; Decrease customer maintenance hours per million prints in 08/09 - 8% (office) and 3% (production) on previous year; Implement Global Services transition and transformation initiative in 08/09; Monitor customer satisfaction drivers with production clients; and Achieve overall customer satisfaction index of 95% (40% very satisfied).</td>
</tr>
<tr>
<td>Innovation</td>
<td>★★★★</td>
<td>Research in web-driven communications (ongoing); and Services innovation for customers (ongoing).</td>
<td>Recognise, foster and reward innovation.</td>
</tr>
</tbody>
</table>

**Helping customers become more sustainable**

Fuji Xerox Australia customers stem from a broad range of market segments with organisations of almost every variety represented. We supply document solutions to the government, corporate, education and small to medium enterprise sectors as well as leading-edge production print technology and high volume communications solutions to the commercial print industry.

Fuji Xerox technology and services are designed and managed to improve sustainability performance for customers.

- Our equipment features environmentally responsible design and energy efficient enhancements;
- Our document software and digital technologies help reduce paper wastage; and
- Our services enable clients to improve the efficiency of document intensive business processes and optimise their equipment infrastructure to save costs and cut carbon emissions.

One challenge we face in this area is equipping our sales and marketing teams to communicate how we help customers achieve not just business but also environmental goals. Our sustainability manager works closely with the business in this regard and develops tools and resources to support these communications. A pilot sustainability training session for sales has been successful and will be rolled-out more broadly in 08/09.

**The new business of responsible communications**

Our customers in the high volume communications space are increasingly aware of the potential environmental impact of print communications. Pressure from their own environmentally conscious client base and regulatory developments overseas with regard to “do not mail” registers, add significant drivers for this industry to address the issue of responsible communications.

By providing advanced digital printing technology, document supplies and a suite of complementary software and managed services, we help our high volume communications customers:

- Reduce environmental impact associated with traditional offset printing;
- Focus on good design and content to make sure messages get across;
- Improve workflows to minimise printed output from proofing;
- Combine printing with multi-channel marketing strategies and channels;
- Ensure distribution and targeting is efficient and avoid wastage of materials and associated costs; and
- Ensure paper is sustainably sourced.
Energy efficient equipment

Fuji Xerox Company Limited has recently established a new carbon target to which every operating company across the Asia Pacific region will be asked to contribute – our 2012/13 target is to reduce customer emissions relating to document copying and printing by double the amount of the company’s own carbon reduction target.

Diagram below

Fuji Xerox carbon balance index (2012/13 target)

In 08/09 their target is to reduce group emissions by 772 kilotonnes (KT) and customer emissions across the region by 932KT. This requires an absolute 1% year on year reduction in carbon emissions from Fuji Xerox Australia business operations, which will be achieved through our carbon management program (see section 8). We plan to reduce our customers’ emissions by meeting aggressive targets for the sale of our most energy efficient devices. In 08/09 the focus will be on ApeosPort / DocuCentre III C3300 / C2200 colour digital multifunction machines, as well as the DocuPrint C2250, a colour printer.

• These devices incorporate lead-free shafts, a beyond compliance step towards further removing hazardous substances from our products.

• Innovations in the design of this equipment deliver an Energy Star™ power-save mode, drawing as little as 2.2 watts.

• In addition, the integration of light-emitting diode (LED) print head technology enables more compact, lighter and quieter machines compared with those using the traditional Raster Optical Scanner (ROS) system.

Carbon Calculator

During the year under review Fuji Xerox Australia developed a carbon calculator that estimates the energy consumed through the operation of an office document infrastructure. We can calculate the carbon emitted through use of equipment by understanding the make-up and age of an organisation’s document infrastructure and the volume of documents copied and printed.

In many cases organisations do not have a clear picture of their document infrastructure. Using data collected over almost ten years conducting Office Document Assessments™ we can create a hypothetical baseline for organisations based on industry sector and the size of their organisation in full time equivalent employees.

The calculator can also illustrate the potential for carbon emissions reduction by optimising the document infrastructure. We can show how replacing and/or consolidating devices reduces carbon footprint while providing enhanced functionality and a platform for future innovation.

This tool was launched in July 2008 and a demonstration is available on www.fujixerox.com.au/carbon_calculator.

Environmental scorecard

Fuji Xerox Australia has also developed an online environmental scorecard that allows organisations to qualitatively evaluate aspects of their office systems in environmental terms. The scorecard assesses printing practices, procurement, recycling and equipment management and ranks these organisational behaviours on a green-amber-red scale. The interactive tool also suggests opportunities for improvement in line with good practice in those areas. This online tool was launched with our carbon calculator and is also available on www.fujixerox.com.au/customer_sustainability.

Fuji Xerox Wins Eco Products Awards

Fuji Xerox equipment won the prestigious Minister of Economy, Trade and Industry Prize at the 2007 Eco Products Awards in Japan – a first for our industry. Previous winners include the Toyota Prius. The five winning models were the ApeosPort / DocuCentre III C3300 / C2200 colour digital multifunction machines, as well as the DocuPrint C2250, a colour printer.

• These devices incorporate lead-free shafts, a beyond compliance step towards further removing hazardous substances from our products.

• Innovations in the design of this equipment deliver an Energy Star™ power-save mode, drawing as little as 2.2 watts.

• In addition, the integration of light-emitting diode (LED) print head technology enables more compact, lighter and quieter machines compared with those using the traditional Raster Optical Scanner (ROS) system.
Stockland - when less means more

In April 2007 Stockland relocated to a new head office. The relocation provided an opportunity to demonstrate the organisation’s commitment to sustainability performance. The new head office plan called for an overall reduction of print and multi-function devices from 140 to less than 40 machines. Stockland required an energy-efficient networked multi-function fleet that could manage all document processing requirements. The Fuji Xerox ApeosPort C6550 was selected, an advanced device which has won an Energy Conservation Award and can achieve up to 36% reduction in power consumption compared to previous models. The energy management features of this device allow Stockland to reduce its after hours energy consumption, which was an important factor in helping the organisation achieve its target NABERS-Energy tenancy rating.

Optimising equipment settings

In the last year we have taken steps to ensure that the energy settings of our equipment are adjusted for maximum efficiency as default when our equipment leaves our warehouses.

• As of April 08/09 low power mode is set to 15 minutes and standby mode to 5 minutes for office devices prior to delivery; and
• Education about energy efficient device settings is now mandatory in our engineer and customer training, so that engineers and clients can better understand the flexibility of power settings to be adjusted in line with environmental targets and organisational needs.

One of our clients has used the optimisation of these setting to improve their rating under the National Australian Built Environment Rating System™ (NABERS).

Customer support and equipment reliability

Fuji Xerox Australia supports over 16,000 customers through 621 dedicated staff. We are the only document-focussed company in Australia with SCP Certification, an internationally recognised standard defining best practices in technology support centres. We aim to provide an excellent and efficient customer support experience. In fact, the optimisation of our equipment and service delivery processes has increased equipment reliability, reduced customer visits and cut the associated carbon emissions per customer. Reliability improvements have had a positive impact on customer satisfaction by reducing downtime. They also help reduce the cost and carbon footprint by minimising the frequency of onsite service calls. For the Fuji Xerox Australia support organisation, continuous improvement in equipment reliability is an essential part of sustainable growth. Charts below

Fuji Xerox Australia measures equipment reliability by calculating the total hours of a support engineer’s time for every million prints. Over the last three years there has been a significant reduction in support hours per million prints, 9% for production devices and 27% for office devices. Our 08/09 target is to continue the maintenance hours per million prints progress we have seen in previous years:

• Decrease office customer maintenance hours 8% on previous year; and
• Decrease production customer maintenance hours 3% on previous year.

Gains in equipment reliability have come from a combination of design improvements and ongoing development of processes and skills. With the continuous refinement of technology, replaceable items are achieving higher yields and non-replaceable parts are becoming more reliable with each successive model. Not only is the technology improving, it’s also becoming more complex, so these gains are only achievable with continuous development of our support team’s skills and refinement of processes. Reliability issues are less the result of hardware faults and more to do with issues such as inappropriate use, lack of training or network and software incompatibility. This means initiatives to improve reliability are more far reaching than just addressing the effectiveness of the onsite support engineer – they need to encompass equipment installation, customer training and customer support. We outline how we are improving these aspects later in this section of the Report – ‘responding to what we hear’.

In May 2008 Fuji Xerox Australia hosted its first mailing industry forum specifically addressing this sector’s sustainability challenges and opportunities.
Innovation meeting current and future business needs

Innovation sets Fuji Xerox apart and drives our market leadership continuously forward. The Xerox Palo Alto Research Centre (PARC) and its three other research centres worldwide are renowned for innovative research. Fuji Xerox invests over $800M annually in research and development, and has six research centres in the region focused on new product innovation, including research on how to make our products even more environmentally sound. Fuji Xerox also has four epicenter™ facilities in Sydney, Shanghai, Singapore and Tokyo, which focus on collaborative discovery with our customers and industry.

For Fuji Xerox Australia, as a member of the Fuji Xerox and Xerox world globally, the challenge of innovation is less to do with transformative technologies and more to do with implementing tailored solutions within customer environments that solve a specific business problem. Increasingly this means ‘services innovation’, which relates to improving document intensive business processes. Many organisations talk about being ‘customer-focused’ but for our innovators this really is a primary driver.

We also apply innovation to our own internal business processes, which support both our people and our customers. If we can build systems that help our own people to be effective then our customers will also benefit.

Fuji Xerox Australia is currently undertaking an internal ‘audit’ of our endeavours in innovation. We find that much of this work occurs organically in the organisation with the result that identifying the full extent of our activity can be difficult. We hope this investigation will help us better understand the range of innovation and how we can reward and foster its further development.

Innovation in action

Fuji Xerox services provide our clients with industry leading capability in document intensive business processes. We have the expertise to innovate in almost every aspect of the document process from design to usability and multi-channel distribution, with the end goal of reducing costs and improving the customer experience.

One current aspect of our services innovation has been in the development of inbound and outbound document processing for an online banking system. We have used our unique capabilities in intelligent document processing to automatically classify the documents associated with loan applications, which can be received through multiple channels, to specific customer files. This expedites application processing from weeks to days and enables ‘shorter time to yes’ – a critical differentiator in the competitive retail banking market improving both customer acquisition rates and the overall customer experience.

Web-driven communication

The movement of business online drives the digitisation of documents and information. A great deal of Xerox research is underway exploring what that means for our industry. In Australia, we have two key projects that explore the future of document processes in a web-driven world.

The first is an Australian Research Council funded research project, in partnership with RMIT University and Common Ground Publishing, which investigates the implications of the emerging ‘semantic technologies’ (sometimes called Web 3.0), on the printing and publishing sectors. This work, now two-thirds complete, focuses on identifying organisations and projects that are embracing these technologies and beginning to construct new ways of managing knowledge and information by constructing and tailoring customised documents to end-user requirements. We plan to publish our findings and foster a global network of thought leaders so that we can provide leadership in this important emerging field.

Related to this, we are exploring new business models that will be enabled by semantic technologies, such as open source software and social networking. This work is being undertaken with local research organisations such as National ICT Australia and researchers from our own Xerox Innovation Group.

Within Fuji Xerox Australia we have now developed a Web 2.0 based customer relationship management system called MiBiz. Its underpinning infrastructure is based on semantic principles and enhances the accessibility and effectiveness of our databases. This improves the internal user experience by enabling a personalised web-space rather than a one size fits all approach.

Customer satisfaction

Customer satisfaction is our most important sustainability issue and a core company value. It drives continuous improvement in our business and informs corporate quality policy. Our customer satisfaction assurance system and surveys allow us to hear the voice of our customer. In the year under review we increased the frequency of some surveys, better targeted the audience and added ‘net promoter’ questions that enable us to identify loyal customers and the issues that most concern them. Our customer satisfaction data are more than just metrics. These measures provide us with clear direction on aspects of the business where we must do better if our customers are to feel not only satisfied, but also confident they can recommend us without qualification to others.

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. All such customer contacts are logged and controlled through an escalation process to enable queries and complaints to be resolved in a timely manner. At a tactical level, local branch customer care personnel are made aware and ensure resolution by the appropriate manager. If necessary, the query is raised at monthly customer satisfaction meetings. At a more strategic level, the National Customer Satisfaction Manager conducts a causal factor analysis of queries and survey results and recommends improvements to the executive board. The same CSAS system is also used to record compliments both from customers and employees regarding outstanding customer satisfaction actions taken by individual staff, leading to customer satisfaction awards that recognise meritorious performance.

In the coming year we intend to establish a better technology platform for CSAS. This will allow us to automate many routine aspects of the system, further improve our escalation process and provide an online customer interface with CSAS.

Customer satisfaction meetings

We hold monthly customer satisfaction meetings in each state of operation, each attended by a General Manager. The purpose of these meetings is to identify customer issues and share information, feedback and ideas aimed at improving customer satisfaction.

Historically, the meeting focus has been on the immediate resolution of individual customer issues, instead of analysing systemic trends in complaints to remedy the underlying issues. In our last Report we committed to reinvigorate staff skills around problem solving. Since the close of the year under review, our national quality manager has undertaken advanced problem solving training and will transfer those skills in identified parts of the business to facilitate a more ordered approach to problem solving.

Customer surveys

Global Services customers

Our Global Services division has a 3-tier approach to customer surveys:

- Every customer receives an ‘end-user’ online survey;
- A ‘face-to-face’ survey is also conducted with key contacts; and
- We survey senior management within our strategic customer accounts on high-level issues such as the extent to which we assist with the achievement of strategic organisational goals.

These surveys are conducted at least once annually and focus on aspects of service delivery and general account management. Ascertaining views from a broad range of contacts gives us a holistic view of how we impact every level of our customers’ businesses and our opportunities for improvement.

Each year we establish targets for customer satisfaction across every line of service that we provide. Performance against these targets is a core business tool used to identify opportunities for immediate improvement. This replaces our previous Global Services customer satisfaction indicator with a more relevant, informed and specific view of our clients’ perceptions.

Charts on right ▶
Office services customer satisfaction results
- In 07/08 we fell 2% short of our 92% overall satisfaction index (OSI) target and we fell 1% short of our 32% ‘very satisfied’ target.

Print services customer satisfaction results
- In 07/08 we exceeded by 1% our 95% OSI target and we exceeded by 6% our 56% ‘very satisfied’ target.

Design services customer satisfaction results
- In 07/08 we exceeded by 1% our 95% OSI target and we exceeded by 6% our 56% ‘very satisfied’ target.

Mail services customer satisfaction results
- In 07/08 we exceeded by 3% our 95% OSI target and we fell 2% short of 56% ‘very satisfied’ target.

1. As reported through online surveys
Office customers

We test office customers’ satisfaction with our offerings through our online ‘90-day survey’, three months after they purchase equipment from us. This year we have increased the frequency of those surveys. Previously it was conducted annually, with informal feedback mechanisms in place for customers not captured by it.

In 07/08 the survey was conducted in May, October and March providing us with more robust information about levels of satisfaction and opportunities for improvement. Results for the last financial year demonstrate a similar pattern to previous years, however survey improvements have helped us better understand what lies behind customer responses.

We found that order fulfilment and training issues were the primary causes for dissatisfaction in this customer group. Chart below ▼

Production customers

Our production customers are surveyed using the same ‘90-day survey’ as our office customers and also receive a face-to-face survey. This is because the production equipment we provide is truly business-critical for these businesses.

In 07/08 we improved this process by splitting the face-to-face survey into a strategic and an operational component with different audiences and targeted questions for each. This shift is reflected in the change in customer satisfaction levels and in the different issues emerging.

We found that cost and competition issues were the primary causes for dissatisfaction in this customer group. Chart below ▼

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2. 90 day survey  3. Face-to-face survey  4. The production customer survey was not conducted in 2004
Responding to what we hear
Continuous improvement in Global Services
As a result of our clients asking for greater assistance and support during the implementation phase of new contracts, Global Services operations are establishing a transition and transformation team and program. Broadly the objective of the team will be to support our clients in workflow, process and behavioural transformation, better enabling the achievement of identified goals and performance outcomes. The team will provide highly responsive support to our clients and field operations during the most challenging period of any outsourcing contract, the transition or implementation phase. Key focus areas:

- Improved change management capability;
- Internal and external benchmarking to baseline delivery standards;
- Line of services continuous improvement initiatives to ensure world-class service delivery; and
- More rigorous standards and audit to ensure consistency of delivery.

Order fulfilment process for product delivery to office customers
Our office customers have consistently identified equipment order fulfilment as an area for improvement; this has become particularly evident with the increased frequency of our 90-day surveys. In our last Report, we made a commitment to monitor this situation closely and in early 2008 we established a continuous improvement team to review the entire order fulfilment process. The team is part way through the project and has identified some key improvement opportunities including:

- Better alignment of cross-function teams - the establishment of a single order fulfilment team is being explored;
- Development of applications to help plan, track and report on order fulfilment performance; and
- Detailed process enhancements ensuring:
  - Customer and site requirements are clearly understood at the point of sale; and
  - Seamless coordination of equipment delivery, installation, configuration and customer training.

We aim for the final set of recommendations to be reviewed and implemented in 08/09, although technology system changes may take longer to complete.

Customer support
Some customers express dissatisfaction with the support we provide them. The continuous refinement and development of the Online Support Assistant database addresses this by helping customers resolve their own issues as well as helping our support staff resolve more complex problems with them. Significant investment is being made to develop a new service application, which will be rolled out in 08/09. This will replace multiple systems and give our support staff better access to service information, which will ultimately improve reliability.

Customer training
Due to customer feedback we have looked more closely at the provision of customer training to office customers and identified inconsistencies across training delivery, documentation, timeframes, processes and knowledge. A continuous improvement team has been established and we are working on better identifying training requirements, improving training content, materials and trainer development, as well as records management. We aim to complete this work and launch a revised office customer-training package in 08/09.

Cost
Cost of equipment and prints frequently comes up with our production customers, largely because pricing is a competitive differentiator in the commercial print business. Canvassing more senior contacts in addition to operational personnel in the production customer surveys this year has brought forward that issue, reflected in a reduction in our reported overall satisfaction index. Fuji Xerox Australia has adjusted its market strategy to protect this segment in difficult times past – we have a vested interest in our customers’ success and have a well-established premier partner program to help them improve aspects of their business. We will continue to monitor our pricing and how it affects this market.

Expansion into new markets is a business imperative. However, the ongoing broadening of our business scope has created dissatisfaction with part of our existing client base. Some print-for-pay customers perceive our managed print services offering for large organisations as a competitive threat. We acknowledge this concern and will work internally to avoid such conflicts of interest by improving internal processes and proactive communications with the stakeholders concerned.

Administration
Some customers experience problems with our invoicing systems. In the past we did identify an issue with temporary staffing resulting in inconsistent administration processes, which has been addressed through better staffing strategies. Centralisation and restructuring of systems has also improved customer administration processes. We will continue to explore the reasons for customer dissatisfaction in this area and respond accordingly.
Providing a responsible solution
Providing a responsible solution

‘By embracing extended producer responsibility and through its approach to remanufacturing of equipment and parts, Fuji Xerox has demonstrated a commitment to environmental responsibility and efficiency. Fuji Xerox Australia can be justifiably proud of its efforts to become a ‘sustainable corporation’ by grasping the strategic business value and opportunities inherent in sustainability challenges. Its leadership in aspects of corporate sustainability provides a benchmark for other organisations.’

DEXTER DUNPHY, Distinguished Professor, School of Management, University of Technology, Sydney

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<tbody>
<tr>
<td>Product stewardship</td>
<td>• • •</td>
<td>Increased parts collection and improved returns process; 243,000 parts remanufactured in our Eco-Manufacturing Centre; and 1,360 tonnes shipped to Asia Pacific Integrated Recycling Centre.</td>
<td>Achieve 280,000 parts remanufactured and 60 new remanufacture programs in 08/09 including six high value programs; and Explore tension between zero landfill goal and other environmental targets relating to GreenHouse Gas emissions.</td>
</tr>
<tr>
<td>Sustainable paper</td>
<td>• • •</td>
<td>Growth in recycled paper sales; and Clarification of organisational position on sustainable paper.</td>
<td>Seek Program for the Endorsement of Forest Certification chain of custody certification in 08/09; Educate stakeholders about sustainable paper in 08/09; and Bring new Forest Stewardship Council and Program for the Endorsement of Forest Certification certified paper stocks to market in 08/09.</td>
</tr>
<tr>
<td>Mitigating environmental impacts of equipment</td>
<td>• • • • • • •</td>
<td>Further hazardous substances removed from products; Additional energy efficiency enhancements; and Emulsion Aggregation Eco-Toner lowered energy use during toner fusion to paper.</td>
<td>Support parent company initiatives that seek further improvements.</td>
</tr>
</tbody>
</table>

Commitment to extended producer responsibility

Fuji Xerox Company Limited has a long-standing commitment to accept responsibility for its products throughout their life cycle, shared by Fuji Xerox Australia.

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>Fuji Xerox Company Limited starts recycling parts and consumables.</td>
</tr>
<tr>
<td>1993</td>
<td>Remanufacturing of used parts is devised and developed at Fuji Xerox Australia.</td>
</tr>
<tr>
<td>1998</td>
<td>Closed loop recycling technology is adopted by Fuji Xerox Company Limited.</td>
</tr>
<tr>
<td>2000</td>
<td>Fuji Xerox Australia opens a dedicated parts remanufacturing and recycling facility in Zetland, the Eco-Manufacturing Centre, and wins a United Nations Global Environment Award. The Fuji Xerox Company Limited Asset Recovery plant in Japan achieves zero landfill.</td>
</tr>
<tr>
<td>2004</td>
<td>Fuji Xerox Company Limited opens an integrated recycling centre at Chonburi in Thailand to provide an end-of-life recycling facility for its nine operating subsidiaries across the Asia Pacific region.</td>
</tr>
<tr>
<td>2005</td>
<td>Fuji Xerox Australia commences shipping old equipment, parts and consumables to Thailand for 99% resource recovery recycling or remanufacturing.</td>
</tr>
<tr>
<td>2006</td>
<td>The Eco-Manufacturing Centre becomes a total waste management centre, accepting old equipment, parts and packaging from all Australian customers for remanufacturing and recycling at Zetland or for transfer to Thailand.</td>
</tr>
<tr>
<td>2007</td>
<td>The Eco-Manufacturing Centre meets Fuji Xerox global manufacturing standards and expands remanufacture activity to include complex sub-assemblies for the parent.</td>
</tr>
<tr>
<td>2008</td>
<td>Our parent company opens an integrated recycling system for used equipment and cartridges collected across China. Its disassembling and recycling capacity will cover up to 15,000 machines and 500,000 cartridges per year.</td>
</tr>
</tbody>
</table>

▲ Fuji Xerox achievements in extended producer responsibility
Fuji Xerox end-of-life resource recovery

The above diagram depicts the movement of our equipment from our parent through our Australian operations to our customers. It also illustrates how we take back packaging, products, parts and toner cartridges returned by our customers for remanufacturing and recycling either at our Zetland-based Eco-Manufacturing site in Sydney or at the Asia Pacific Integrated Recycling Centre in Thailand. **Diagram above**

Some have questioned the carbon footprint of such a geographically disperse take-back model and we agree that there are opportunities to improve our closed loop recycling systems. However the rationale for taking our products back at end-of-life is not just related to responsible ‘waste’ management; remanufacturing and reusing parts allows us to reduce new resource input and to cut the carbon footprint of new product manufacture. By incorporating policies for future remanufacturing and recycling into our product design process since 1995, the Fuji Xerox Group have avoided almost 100,000 tonnes of carbon emissions and reduced the requirements for raw materials by 17,400 tonnes, as of October 2007.

We aim to better explore the tension between our zero landfill goal and other environmental targets relating to greenhouse gas emissions with our parent over the long-term. These discussions will form part of how we collaboratively advance our closed loop systems through measures such as increasing local remanufacture activity and recycling.

Equipment designed for the environment

Every piece of Fuji Xerox equipment, from multifunction office devices to high volume production presses is designed with the environment in mind, enabling our customers to feel confident that they are working with an environmentally responsible business partner. Our parent company’s environmental initiatives start from the design stage of product development, where we incorporate technologies that:

- Eliminate the need to use hazardous material such as lead-based solder;
- Enable low energy consumption during use of the machine;

1. We started supplying products compliant with the EU Regulation on Hazardous Substances in 2005, having removed lead, cadmium, hexavalent chromium, mercury and PBB / PDE from our products.

- Utilise innovative and energy efficient toner and ink technologies;
- Minimise the use of new resources; and
- Will later facilitate the remanufacture or recycling of used machines and parts.

During product design a series of policies that will later support remanufacturing and recycling are applied. These policies allow for the disassembly of standardised, long-life parts and the use of high-rigidity materials that can be easily recycled. This creates the right conditions for efficient management throughout the product life cycle and end-of-life product recycling.

Eco-Manufacturing Centre

The Fuji Xerox Australia Eco-Manufacturing Centre is a state-of-the-art engineering facility for the remanufacture of parts and sub-assemblies removed from equipment during service. Having met Fuji Xerox exacting global standards, the Zetland-based Centre has achieved manufacturing partner status and will become the Fuji Xerox Asia Pacific hub for the remanufacture of complex sub-assemblies. The more labour intensive aspects of the Centre’s operations are gradually shifting to our Asia Pacific Integrated Recycling Centre in Thailand. This transition to high-value sub-assembly remanufacture has led to the redeployment of some staff and will ensure the continued growth of our UN award-winning Eco-Manufacturing Centre.
During the year under review, we remanufactured 243,000 parts and sub-assemblies through this operation, saving $11.3 million versus the cost of Xerox supplied alternate parts. This compares with $13 million in 06/07. The reduction was a result of currency changes and the falling price of parts from overseas. The Centre’s 08/09 goal is to remanufacture 280,000 items.

**Chart below**

### # Parts remanufactured (000)

<table>
<thead>
<tr>
<th></th>
<th>04/05</th>
<th>05/06</th>
<th>06/07</th>
<th>07/08</th>
<th>08/09 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parts</td>
<td>218</td>
<td>260</td>
<td>220</td>
<td>243</td>
<td>280</td>
</tr>
</tbody>
</table>

**Total parts remanufactured through the Eco-Manufacturing Centre**

This year we have reflected on which indicator best demonstrates the Eco-Manufacturing Centre’s performance in line with its new focus on more complex sub-assembly remanufacture. The Centre has a target to establish 60 new remanufacture programs including a further 15 high-end sub-assemblies for the parent in 08/09. This is an important measure illustrating that continuous development of new remanufacture programs is core to the Centre’s viability. Having successfully demonstrated its technical capabilities full-scale production of six new sub-assemblies will begin in 08/09.

**Chart below**

### # Parts remanufacture programs

<table>
<thead>
<tr>
<th></th>
<th>05/06</th>
<th>06/07</th>
<th>07/08</th>
<th>08/09 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan</td>
<td>80</td>
<td>60</td>
<td>65</td>
<td>60</td>
</tr>
<tr>
<td>Actual</td>
<td>72</td>
<td>68</td>
<td>69</td>
<td>60</td>
</tr>
</tbody>
</table>

**Eco-Manufacturing Centre performance against new remanufacture program targets**

The Eco-Manufacturing Centre processes used parts, packaging and waste collected from Australian customers, while end-of-life equipment and toner cartridges are sent to the Asia Pacific Recycling Centre. In our last Report we expressed an intention to better measure the rate of total product return from our customers to our recycling facilities. Some progress has been made towards adjusting our systems and procedures to accommodate this. This is a complex undertaking, requiring the identification and incorporation by weight of numerous product types in our systems, the introduction of new procedures to ensure returned product is appropriately recorded and the development of reliable proxies where consistently accurate data is difficult to obtain. Our aim is to disclose the product amount returned to us as a percentage of new products supplied to the market.

Until then we will provide trend data on the weight of returned equipment, parts and cartridges and how those materials are utilised or responsibly disposed at our dedicated facilities or through recycling providers. The assurance of this Report has reinforced the need to develop a nationally consistent approach to returned product measurement that better differentiates between ‘customer waste’ and our own business waste, which we will address through our waste management committee in 08/09.

**Chart top right**

The Fuji Xerox return box has been redesigned to better accommodate increased volumes.

In the last year our dealers and engineers have been instructed to take back all parts and packaging from customer site, whereas previously remanufacturable parts had been prioritised. This has increased total return volume to the Eco-Manufacturing Centre and proportionately decreased the level of remanufacture while increasing levels of recycling and asset recovery activity. While we would like to increase the percentage of high value remanufacture activity over simple recycling it is difficult to predict what materials will be returned to us. This is a key challenge in operating the Eco-Manufacturing Centre – the nature and amount of returned materials can fluctuate. We have also noted a decline in the amount of equipment sent to Thailand while there has been an increase in the amount of parts and cartridges recycled through this channel – we will explore the underlying factors influencing this trend through our waste management committee in 08/09.

Fuji Xerox Australia continually looks for improvements in processes to support our product returns policy. The Recovery Box program has become an important tool for recovering used toner cartridges and is increasingly seen by our customers as an essential service. This year we have improved our returns program by transferring the delivery and pickup from a general courier to a dedicated ‘valet’ service provider in New South Wales, Victoria and South Australia. We will continue the roll-out of this program to Australian Capital Territory, Queensland and Western Australia in 08/09. This has led to a more responsive service and more accurate reporting of return-items. In addition, we have started to work with large production customers to provide tailored returns programs to fit in with their recycling initiatives.

2. This chart includes a restatement of the 06/07 material utilisation data to include third party recycling activity and materials sent to Thailand. We have determined customer waste should be measured by weight consistently across our systems and we have adjusted how we report product sent to Thailand to reflect the date this product leaves Australian shores with a Basel permit. Zetland data includes all waste throughputs - both returned product and business waste.
Asia Pacific Integrated Recycling Centre

The Asia Pacific Integrated Recycling Centre based in Thailand was developed by Fuji Xerox Company Limited to process up to 30,000 units of equipment and 500,000 toner cartridges per annum and is now operating at full capacity. We achieved 99.3% resource recovery from end-of-life equipment at this site in 07/08, compared to 99.1% in 06/07. The Recycling Centre recently opened a second wing to expand parts reuse activities in place of simple recycling.

Policies and procedures are in place to ensure that the local environment is not impacted by our resource recovery facility. A tracking system deters any illegal disposal and parts containing hazardous substances are exported to specialist waste management providers where required. The facility also monitors the environmental and OHS management practices of our local recycling partners in Thailand. Where required, Fuji Xerox has committed to work with those partners to further improve their environmental management.

We joined this program in early 2005 after obtaining the necessary export licenses from the Australian Government in December 2004. In 08/09, we exported 1,360 tonnes of machines and parts to this facility for recycling or remanufacture.

Energy efficient equipment

As early as 1997, Fuji Xerox Company Limited made a commitment to halve the energy consumption of its equipment. By 2005, we had achieved an average 45% reduction in the power consumption rate and we continue to incorporate energy saving technologies into our equipment. The reduction in power consumption of our products is the cumulative benefit of a series of enhancements mainly around the fuser functions of the print engine. These enhancements enable lower power consumption, shorter warm-up time, toners that bond to paper 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 energy consumption reductions of up to 71%.

Emulsion Aggregation Eco-Toner

Fuji Xerox has further improved its Emulsion Aggregation (EA) toner and developed an even more energy efficient ‘EA-Eco toner’, which can be fused to paper at a temperature more than 20 °C lower than conventional EA toner, resulting in up to a 40% reduction in power consumption during fusion. Toner fusion is the most power-intensive process in document devices, accounting for 50% to 80% of total power consumed. New products employing EA-Eco toner, are achieving power savings of 15% to 30%.

Our associate company Xerox Corporation first developed EA toner in 2001 and since then, Fuji Xerox has been progressively employing EA toner in new office and production equipment. The manufacturing process differs from pulverised toners in that the toner particles are grown in an emulsion rather than being crushed, making it possible to cut manufacturing carbon emissions by 35%. Using this process the shape of the particles can also be controlled with greater precision, enabling images to be more efficiently transferred to paper, reducing the amount of toner used by close to 40%.

Energy conservation winner for nine consecutive years

Fuji Xerox won the Chairman’s Prize for energy conservation in the 17th Energy Conservation Centre Awards ceremony in Japan in 2007. With nine consecutive awards, we remain the only company in the industry to have been awarded on such a consistent basis.

Sustainable paper

Fuji Xerox Australia is committed to responsible paper procurement and enabling efficient paper use with our customers. The company is actively moving towards sourcing all of its copying and printing papers from sustainably managed plantation trees and recycled sources. The Fuji Xerox Group has established a standard and criteria for the sourcing of paper products, which with our Document Supplies Division complies when sourcing product in Australia or from overseas manufacturers. Our standards are available online - www.xeroxsupplies.com.au/environment.

As well as assessing our suppliers’ sustainability practices, we have secured Forest Stewardship Council (FSC) Chain of Custody certification and we are seeking Program for the Endorsement of Forest Certification (PEFC) Chain of Custody certification. These accreditations will enable us to demonstrate and promote compliance with government standards as well as recognised global social and environmental standards and to identify and control the sources of the raw materials used in the manufacture of our certified paper products. In 08/09 we plan to bring FSC and PEFC certified paper to market for the first time in both our commodity and value-added ranges.

We also provide recycled papers, which constituted 10.4% by weight of our total commodity paper sales in 07/08. Recycled copy paper sales grew by 15.1% over the same period, boosted by strong growth in our Recycled Supreme product containing 100% post consumer waste. This range has the European Nordic Swan and Blue Angel eco-labels. To increase awareness of our recycled content products, which include binders and laser printer ink/toner cartridges, we support the Buy Recycled Business Alliance, which brings together businesses that are committed to promote use of recycled materials and encourages the development of a marketplace for these products.

Some have commented on the tension between the drive towards the paperless office, our core business and environmental concerns around the paper industry. We have reflected on this internally and clarified that our position is to ensure paper is sustainably sourced and to enable our customers’ efficient paper use. To better inform our customers and employees in this regard, we are planning a series of education programs that explain the nature of copy/print paper and its production with particular reference to environmental issues. These include topics such as the sustainability of forest management, emissions in the manufacture of pulp and copy paper, recycling and the value of source and supply chain certification.

Advancing sustainable paper

Fuji Xerox Australia is participating in research to understand the green house gas implications of the decomposition of a range of different papers in landfill sites. This research will explore the decomposition rate of cellulose materials in a landfill environment, as well as the potential for energy recovery and carbon sequestration. The results of the study are expected to be available later in 2008.
Product safety

Product safety continues to be a priority for Fuji Xerox as evidenced in our policy statement. Fuji Xerox 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. We have had no incidents of non-compliance with any Australian safety regulation occur during the reporting period.

A central database is used to record all regional incidents. The incident, the class and all relevant information about the case is recorded. The system follows clearly defined escalation parameters that ensure close monitoring of any serious issue. Any recurrence of an issue can be quickly identified to enable the necessary safety modifications to be engineered and distributed to the field for retrofitting to equipment on-site. Each incident is assigned a class, which defines the urgency of investigation. The table below shows the levels of classification. Classes A - C3 are defined as a ‘critical incident’. Diagram below

<table>
<thead>
<tr>
<th>Smoke / Fire Incident</th>
<th>Class</th>
<th>Physical Incident</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire in building, death due to fire</td>
<td>A</td>
<td>Death due to operation / handling</td>
</tr>
<tr>
<td>Spread of fire to room / building</td>
<td>1</td>
<td>B</td>
</tr>
<tr>
<td>Fire in product (fire on a component spreads to inside of a machine)</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Component burnout (single component)</td>
<td>C-1</td>
<td>Injury that requires surgery and hospitalisation</td>
</tr>
<tr>
<td>Ignition (single element / paper)</td>
<td>C-2</td>
<td>Injury that requires treatment in firstaid room or hospital</td>
</tr>
<tr>
<td>Smoke / fire incident</td>
<td>C-3</td>
<td>Minor injury that requires only self-medication</td>
</tr>
<tr>
<td>Heat / scorch / odor</td>
<td>C-4</td>
<td>Unsafe condition where any incident is expected</td>
</tr>
<tr>
<td>Claim</td>
<td>D</td>
<td>Claim (unsafe condition, unsafe action)</td>
</tr>
</tbody>
</table>

Classification of product safety incidents

Product Safety Performance

The year under review saw 61 incidents reported to the Fuji Xerox Company Limited Safety Office – see product safety performance chart below

The three C3 incidents consisted of the failure of a power supply, a wire detaching and touching the frame of the unit and a spark that was later determined not to be caused by our equipment but to be a static electricity spark. The majority of C4 incidents involved paper jams and components that overheated producing smoke or odour. When replaced these failed components are sent to the group safety office for investigation.

The high number of C4 incidents reflects the subjective nature of the reporting system. We treat all incidents seriously and therefore record them as the customer describes the problem. In the majority of cases it is just a paper jam that causes a burning smell. However the increased reporting of these incidents could also reflect increasing customer concerns regarding the emissions from our equipment. We have asked our parent’s guidance to understand this reporting pattern and we aim to explore what underlies customer concerns. Our focus on product safety remains high with tight escalation timeframes being enforced and monitored.

Product safety performance

![Diagram showing product safety performance chart]
Engaging employees
Engaging employees

‘Our goal is that our employees are committed to and are working towards building our business for the long term. We recognise that this involves forming a deep relationship with our people that connects them at two levels: at a practical level with regard to the work they do and at an emotional level, with regard to the company they choose to work for.’

BETH WINCHESTER, General Manager, Human Resources

<table>
<thead>
<tr>
<th>Material issue</th>
<th>Performance</th>
<th>Achievements in 07/08</th>
<th>Opportunities, challenges and commitments moving forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee engagement</td>
<td>● ● ●</td>
<td>First employee engagement survey - 55% participation and 49% employees fully engaged.</td>
<td>Target 5% improvement in engagement levels in every division in 08/09.</td>
</tr>
<tr>
<td>Recruitment and retention</td>
<td>● ● ●</td>
<td>Developed new recruitment strategies: Provided entry-level traineeships; and Formed strategic relationships with careers advisors.</td>
<td>Improvements in communication of total value proposition to employees in 08/09; and Improving employee engagement (see above).</td>
</tr>
<tr>
<td>Organisational development</td>
<td>● ● ● ●</td>
<td>New performance management system launched; Redefinition and repositioning of position descriptions (ongoing); and Appointment of a national sales coach.</td>
<td>Transition to culture of manager-led development – this will require new types of support, coaching and tools to help managers build capability.</td>
</tr>
<tr>
<td>Remuneration and recognition</td>
<td>● ● ● ●</td>
<td>1,047 compliments given to staff from internal and external customers.</td>
<td>Foster non-financial recognition.</td>
</tr>
<tr>
<td>Occupational health and safety</td>
<td>● ● ●</td>
<td>Improvements across OHS reporting systems and OHS review procedures.</td>
<td>Disclose lost time injury frequency rate in 08/09; and Conduct systematic OHS risk assessment and site review in 08/09.</td>
</tr>
</tbody>
</table>

**Employee engagement**

Our first employee engagement survey was conducted in November 2007 with a participation rate of 55%. We are targeting an improved level of participation in the next survey, which will be conducted in early 2009. The survey indicated 49% of employees overall are fully engaged and 25% of employees are nearly engaged; this is the group on which we will focus effort to increase levels of engagement. The engagement score varied between divisions, however we have set a 5% target of improvement for each division regardless of their score. Our ultimate goal is to move towards benchmark performance in engagement levels, as indicated in the chart below.

Survey findings indicated that the key areas on which we need to focus in order to improve engagement levels are:

- Communications – improve how we reach and motivate our people;
- Brand alignment – ensure we live up to the promise we make to our people;
- Innovation – improve the way we optimise new ideas and improvement suggestions;
- Career opportunities – provide a clearer framework of how to progress in the organisation and what success looks like; and
- Change management – improve the way we implement changes in the organisation.

Since the survey we have conducted employee focus groups to review the findings and prepare action plans. These sessions are an important way of validating the survey findings as well as connecting with our employees. Some immediate actions have already been taken in response to these findings and others will be put in place in 08/09 once additional focus groups have been concluded.

These actions include:

- Review of our current approach to communicating with employees, both formal and informal interactions;
- Improvements in the remuneration packaging messages, which will improve understanding of our total value proposition to employees;
- Review of position descriptions to ensure a clearer and transparent understanding of expectations;
- Implementation of a new performance management system, which will improve transparency around how we identify and recognise strong performance; and
- Roll out of the refined values model will lift understanding of what is expected from all employees and connect with the purpose and heart of the organisation.
Recruitment and retention

Our company continues to grow - we employed a total of 1,822 people at the close of the year under review. The charts above show the make-up of our workforce based on employment category, gender and region.

During the reporting period, 301 permanent staff left employment, resulting in an increased turnover rate of 17%, which is slightly above the Australian Information Industry Association industry average of 16.4%. We view turnover as both positive and negative, on one hand it provides us with the opportunity to bring in new people and is expected as people look for new challenges and experiences. On the other hand the loss of knowledge and skills presents challenges.

We carefully monitor why people leave employment with our company and we analyse the associated trends to guide our retention strategies. This is especially important given changing demographics and increased competition for talent. We find that disproportionate numbers continue to leave in the first two years of service and in the 26 to 35 age group. Career opportunities are cited as the key reason for leaving the organisation. However, our slightly increased attrition rate could also be attributed to the gradual shift from a compliance culture to a performance culture in our organisation. In the year under review, our focus on performance management increased with the development of enhanced management skills and systems.

Increasing recruitment costs and difficulty accessing suitable staff are key concerns. Given the nature of our traditional business, we are not readily recognised by candidates in all the markets in which we now operate. Hence we are not the first choice for some roles.

We believe that our work to improve employee engagement levels will help us to retain existing staff. We have also noted that a key driver in the retention of staff is the effectiveness of induction by line managers in the first 12 months of employment. This will be a key focus of the new management development program that will be rolled out over the next two years. In addition to our existing recruitment efforts we are also developing new approaches to attract talent, including:

- Entry-level traineeships for some roles;
- Forming strategic relationships with career advisors to better position our career opportunities; and
- Developing web based collaterals and an employment micro site to better communicate the employment value proposition.
% Attrition by state

Attrition rates by state relative to the overall Fuji Xerox Australia attrition rate

% Attrition by age

Attrition rates by age relative to the overall Fuji Xerox Australia attrition rate

% Attrition by years of service

Attrition rates by years of service relative to the overall Fuji Xerox Australia attrition rate

% Reasons for Termination

Reasons for voluntary and involuntary termination of employment
Organisational development

We believe that capability is a long term competitive differentiator, and that our success will depend upon how well and how fast we build the capabilities we need now and in the future. With that in mind, we are reviewing our approach to people development and focusing on how we better build a learning organisation.

Developing capability means enhancing staff effectiveness in their current role and improving their readiness for their next role. We seek to balance the needs of the business with individual aspirations and we try to create the opportunity for all our people to grow professionally and personally. We believe that building the capability of our staff to address their responsibilities and accountabilities at Fuji Xerox Australia will contribute to their career development by enabling greater levels of success in their employment with us and with future employers. We also endeavour to provide employees with the flexibility to move between divisions and encourage our people to take on different roles when they are ready for a new challenge.

We have changed our approach to capability development, shifting the focus of learning away from classroom training to on the job experience, facilitated by the line manager acting as a skills coach. This move to a culture of manager-led development is a phased journey involving changed forms of support from the learning and development group, the development of coaching capabilities in managers, and provision of new tools for managers to assist them in assessing and building capability in their people.

We have achieved some significant milestones along this journey in 2007. The most significant of these have been:

- Appointment of a national sales coach to drive development of a highly effective sales coaching culture, focusing in the first instance on the Integrated Sales and Marketing Division;
- Strategically aligned capability definition for key positions in Global Services and the Integrated Sales and Marketing Division, to enable assessment of capability levels, and definition of on-the-job development initiatives; and
- Design and implementation of a new on-line performance management system, which incorporates individual capability assessment, and on-the-job focused development planning.

Whilst training has a role to play in the development of organisation capability, our philosophy is to maximise the effectiveness of the training we undertake through on-the-job coaching by line managers. We aim to enable people to experience their day-to-day work as a series of opportunities to develop role specific capability.

Training

35% of the permanent workforce participated in off-the-job training in 07/08. This year, training included 29% of female employees and 37% of male employees, with most training delivered to staff in a technical service role. The decrease compared to last year’s figure of 72% can be explained by our recognition of the greater relative importance of on-the-job development. Most external training was delivered to staff in technical service and sales roles.

### Charts below

**Average hours of training per employee split by gender**

**Training by employee category** - illustrates which employee category receive training

1. The 07/08 figures may under-report external training because HR no longer administers external training - it has been devolved to line managers.
Diversity and flexibility

We believe diversity is a feature of our employee base, which reflects different genders, age groups and a wide range of ethnic backgrounds. In terms of gender, our breakdown remains 26% females, and 74% males, which is broadly in line with the technology sector. Women held 19.9% of management positions on 31 May 2008 as submitted in our last Report to the Equal Opportunity for Women in the Workplace Agency - we would like to see more gender balance in every tier of the organisation. Charts below.

It is critical that we foster a culture that respects diversity on ethical grounds alone, however a diverse culture with flexible working conditions also addresses our recruitment and retention challenges by opening a broader pool of potential employees to us.

The availability of flexible working conditions is driven by individual role requirements, some of which require presence in the office by their nature. Our approach to flexibility is to provide managers with appropriate tools and knowledge to manage staff that may wish to access alternative methods of working. This involves providing part time and job sharing solutions, telecommuting, tele-conferencing and providing remote access facilities. Offering 3G-access to relevant staff will help in that regard. We plan to develop further strategies towards providing alternative working conditions in 08/09.

Aside from the practical considerations, managing staff that work in more flexible conditions requires a focus on managing the outcomes and outputs staff achieve, rather than day-to-day tasks. This style of management is supported by our new performance management system.

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Workplace Profile

<table>
<thead>
<tr>
<th>% Positions Held</th>
<th>Average Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Women</td>
</tr>
<tr>
<td>Senior Executives</td>
<td>10%</td>
</tr>
<tr>
<td>Senior Managers</td>
<td>15%</td>
</tr>
<tr>
<td>Managers</td>
<td>21%</td>
</tr>
<tr>
<td>Administration</td>
<td>76%</td>
</tr>
<tr>
<td>Sales</td>
<td>24%</td>
</tr>
<tr>
<td>Customer Service</td>
<td>6%</td>
</tr>
<tr>
<td>Skilled Professionals</td>
<td>29%</td>
</tr>
<tr>
<td>Distribution / Manufacturing</td>
<td>17%</td>
</tr>
<tr>
<td>Customer Operations</td>
<td>42%</td>
</tr>
<tr>
<td>Total</td>
<td>26%</td>
</tr>
</tbody>
</table>

### Breakdown of employees by age and gender

- **Males 06/07**: 68, 326, 122, 47, 159, 129, 87, 87, 11, 47, 157, 98
- **Females 06/07**: 47, 306, 57, 25, 55, 11, 11, 47, 32, 88, 391
- **Males 07/08**: 6, 11, 11, 11, 11, 11, 11, 11, 11, 11, 11, 11
- **Females 07/08**: 1, 25, 25, 25, 25, 25, 25, 25, 25, 25, 25, 25

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2. We do not collect data from our employees about their ethnic origin, however diverse nationalities are represented in our offices. 3. The salary of the female executive on our board cannot be disclosed for confidentiality reasons.
Remuneration, reward and recognition

Remuneration
We understand the role competitive remuneration plays in addressing our challenges in recruitment and retention. We aim to offer salary packages that are in line with the market. The year under review witnessed additional focus on our annual remuneration review to ensure increases were discussed and addressed expectations. We plan to develop a more complete remuneration framework for the business in 08/09.

Non-financial recognition
We have established three forms of non-financial 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 in support of customer satisfaction. Compliments and commendations from internal and external customers are recorded in a central database. This year we have re-stated the number of compliments, removing those received through an internal recognition program that ended in 06/07. **Chart below**

This provides a clearer view of the trends in compliments received through the customer satisfaction assurance system – our primary system for recording compliments and complaints. From the analysis of these compliments and commendations, formal recognition is given through Managing Director awards and national, state and local awards. Out of the 1,047 compliments received by employees during the year 59 national and state awards 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 long service at five-year intervals.

```
<table>
<thead>
<tr>
<th>Year</th>
<th>Number of compliments</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/06</td>
<td>1,127</td>
</tr>
<tr>
<td>06/07</td>
<td>979</td>
</tr>
<tr>
<td>07/08</td>
<td>1,047</td>
</tr>
</tbody>
</table>
```

▲ Number of compliments given to employees

In addition to the above, our President’s Club and President’s Award recognise pre-eminent performance in sustained sales achievement and a sustained record of outstanding general business contribution that warrants international recognition.

In 07/08 the Fuji Xerox International Business Group (IBG) President’s Club and Award program recognised Glenn Cook and Sudhir Kumar for their sales achievements and Jan Raeburn for the implementation of a national warehouse management system. Winners and their spouses will be invited to attend a special Presidential Award Ceremony in New Zealand in July 2008.

“Myself, Glenn and Sudhir are delighted to receive the IBG President’s Award. We are all looking forward to meeting our counterparts from other operating companies across the region and appreciate that our partners can join us. It feels very rewarding to be recognised by our Australian executive board and regional leadership. Personally, I share this award with my team whose support and valuable input have played a critical role in the success of the warehouse management system implementation.”

JAN RAEBURN, National Warehouse and Logistics Manager

Benefits
Permanent (both full time and part time) employees are entitled to a range of benefits. The following table indicates the number of employees who availed of each benefit during the reporting period.

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company superannuation with life and disability insurance</td>
<td>1,250</td>
</tr>
<tr>
<td>6 weeks paid maternity leave</td>
<td>11</td>
</tr>
<tr>
<td>Paid paternity leave of up to one week within sick leave entitlement</td>
<td>35</td>
</tr>
<tr>
<td>Novated leasing for motor vehicles</td>
<td>160</td>
</tr>
<tr>
<td>Free onsite financial advice</td>
<td>37</td>
</tr>
<tr>
<td>Healthy heart checks</td>
<td>706</td>
</tr>
<tr>
<td>Flu vaccinations</td>
<td>378</td>
</tr>
<tr>
<td>Salary sacrifice scheme for the purchase of portable computing devices</td>
<td>231</td>
</tr>
<tr>
<td>Controlled access to the internet for personal use</td>
<td>most employees</td>
</tr>
<tr>
<td>Employee referral scheme</td>
<td>14</td>
</tr>
</tbody>
</table>

*Temporary staff have access to these benefits only

Labour relations
We continue to negotiate successfully with our unions to establish enterprise agreements for the staff they represent. Six hundred and fifty three staff (35% of our workforce) are covered by such agreements. Our agreements focus on the conditions of employment of these employees and are well above industry standards. All agreements have clauses relating to the introduction of change in the workplace and communication.

Fuji Xerox Australia has negotiated Enterprise Agreements with our employees since 1996, and these agreements are at the fourth or fifth stage of renewal. Current agreements are as follows:

- Customer Support Organisation EA 2007- covering Field Service Engineers (National);
- Distribution Employees EA 2006 (NSW);
- Eco-Manufacturing Employees EA 2007;
- Melbourne Warehouse Employees EA 2005;
- Technical Services Operations EA 2007(NSW); and

During the year under review, we have tried to improve employee understanding of the negotiation process and in particular, the changing legislative framework. This has become vitaly important as we move into further negotiations. We recognise the importance of open and informed communication with our employees and their union representatives to achieve a satisfactory outcome for all.

Occupational Health and Safety
At Fuji Xerox Australia, we promote safety awareness to minimise risk, and we provide a framework for managing incidents and emergencies. We also ensure the rehabilitation of workers in the event of an injury occurring. Our OHS management framework includes a range of policies, procedures, staff training and an incident reporting system. These resources and other materials, such as our OHS policy, are accessible by all employees on the company’s intranet site. A network of OHS coordinators provides onsite support and key sites have an OHS committee.

OHS improvements
In line with a commitment made in our last Report we have taken a number of actions during the year to improve our management of safety in the business:

- Our procedures for the reporting of accidents and near miss incidents have been reviewed and revised;
- We have reinforced our process for reviewing OHS incidents at site based meetings and commenced regular reviews of safety at our executive board meeting;
- We have provided an OHS site checklist for senior managers to help us live safety as a value across the business.
OHS performance

- Six hundred and forty four staff have undertaken our updated OHS training since the last reporting period. This includes new employees, contractors and existing employees who had not yet undertaken OHS training;
- In 07/08 we conducted a successful manual-handling course at our national warehouse facility and we will consider rolling out this training to other sites where appropriate;
- No fatalities and no serious workplace injuries were recorded in the year under review and the Workplace Safety Authority did not undertake workplace inspections in any jurisdiction. However, three employees did suffer serious car accident injuries while travelling to or from their workplaces;
- A number of ‘near-miss’ incidents were investigated in 07/08 because of their potential to have caused serious injury. The most common incident involved products being accidentally dropped in our warehouses. In each case these incidents were investigated and appropriate corrective actions taken. In one case a box of catalogues slipped through inappropriate railing from an elevated area. As a result senior management have commissioned an independent review of all major work sites to investigate whether there are any other unidentified OHS risks. Two such site reviews have been conducted since the close of the year under review; and
- A total of 54 workers compensation claims were submitted during the year. Chart right.

# of Claims

- We recognise that providing a lost time injury frequency rate (LTIFR) is a robust indicator of OHS performance and plan to put appropriate measurement systems in place and disclose our LTIFR in our next Report;
- We will appoint an external provider to supply accident management and rehabilitation services for the company and OHS accident reports; and
- We also recognise that understanding our key risks is critical to an effective OHS system and plan to conduct a systematic OHS risk assessment in 08/09. This work will be complemented by the independent assessment of our major workplaces currently underway (see above).

▲ Number of workers compensation claims made by employees
Influencing sustainability outcomes
Influencing sustainability outcomes

‘Fuji Xerox Australia has endeavoured to use its leadership to progress the corporate sustainability agenda. We work with industry and government groups to advance the adoption of extended producer responsibility and we ask our most significant suppliers and business partners to share our sustainability standards. We also seek to improve sustainability outcomes within the local communities where we operate.’

Ramsey Moodie, Director Corporate Affairs

<table>
<thead>
<tr>
<th>Material issue</th>
<th>Performance</th>
<th>Achievements in 07/08</th>
<th>Opportunities, challenges and commitments moving forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable supply chain</td>
<td>● ● ●</td>
<td>Review of ‘indirect’ procurement system (ongoing).</td>
<td>Develop sustainable supply chain approach in indirect procurement in 08/09; and Test suppliers’ compliance with sustainable paper standards and review standards and processes.</td>
</tr>
<tr>
<td>Mitigating environmental impacts with business partners</td>
<td>● ● ●</td>
<td>New carbon management program with logistics suppliers (ongoing).</td>
<td>Launch new dealer sustainability program to reduce environmental impact of business operations.</td>
</tr>
<tr>
<td>Community</td>
<td>● ● ●</td>
<td>$36,656 in matched donations; 887 volunteer hours; and $43,500 in Community Service Awards.</td>
<td>Review community initiatives and establish areas for improvement.</td>
</tr>
</tbody>
</table>

### Collaborating with industry to improve sustainability outcomes

Fuji Xerox Australia actively engages in industry association activities that drive the adoption of extended producer responsibility across our sector. Whilst we maintain an extensive end-of-life recycling process for our own equipment, we recognise that some will always find its way into the community waste stream. We participate in these initiatives both to address that residual and in recognition of the community’s expectation that companies like ourselves should take a leadership role in such matters.

**Australian Information Industry Association**

We have been working closely with colleagues from the Australian Information Industry Association (AIIA) to establish an extended producer responsibility scheme for the computer and peripherals industry. After nearly four years of work on this project by ten industry participants a comprehensive body of knowledge has been assembled around how a national scheme might be implemented. The key outstanding issue relates to the design of a suitable regulatory framework that can equitably allocate cost back to those suppliers that will not voluntarily participate in end-of-life product stewardship arrangements.

**Byteback™**

Since mid 2007 we have supported Byteback™, a comprehensive electronic equipment recycling project fostered by Sustainability Victoria and the AIIA. Byteback is a free service, available to residents and small business owners in Victoria who want to dispose of IT equipment in a safe and environmentally responsible way.

This program is yielding useful information that could inform the rollout of a national E-waste scheme. Based on statistics from Sustainability Victoria, 42% of waste recycled to date has been attributable to the ten founding partners’ brands and a further 21% has been attributed to high recognition brands (including Acer, Iplex, LG, NEC, Toshiba and Phillips), which have declined invitations to participate in the program. Whilst this program may well be a useful precedent for a national E-waste initiative there are significant hurdles to be overcome. All industry participants need to share costs and a regulatory framework is required that will impose an equitable disposal fee on those that do not voluntarily participate.

**Business Imaging Association of Australia**

We also participate in an undertaking of the Business Imaging Association of Australia (BIIA), an association representing business document solution providers, aimed at reducing the environmental impact of its members. A preliminary survey of member practices has been undertaken to establish current state. Members have recently agreed a memorandum of understanding whereby signatories will commit funds to develop an industry product stewardship initiative. This will probably take the form of a BIIA code of practice that will drive improvement in product stewardship practices by the industry.

### Progressing sustainability through government

Fuji Xerox Australia has no formal government lobbying policy; however, we will generally act to ensure the protection of our interests, in a manner consistent with our corporate values. Our only contact with government since our previous Report has been with the office of the Minister for the Environment, Heritage, Water and the Arts and Senator Ursula Stephens promoting the need to see more sustainable procurement by government agencies. Various contact has occurred with environment-oriented agencies both in connection with the affairs of the company and in connection with the various extended producer responsibility initiatives with which we have been involved.
Engaging business partners in sustainability

The Fuji Xerox Group and Xerox Corporation strive for best practice in ethical procurement through their manufacturing supply chain. At Fuji Xerox Australia, we continue to look closely at how we engage our business partners on sustainability. We work with our international paper suppliers to monitor their sustainability performance and we have begun to establish sustainability standards for our suppliers more broadly. In addition, progress has been made towards engaging our indirect sales channel—in particular our dealer network.

Dealers

In addition to our direct sales force, Fuji Xerox Australia has 31 dealers and 23 Master Agencies across Australia. Together they deliver 44% of our equipment sales revenue. Our agents work closely with branch management in metropolitan Sydney, Melbourne, Adelaide, Perth and Canberra. Our dealers are more independent of the organisation, as they purchase equipment from us and resell it to their customers.

We see our dealers as a significant extension of our presence in non-metropolitan areas, especially rural Australia. It is important that we share Fuji Xerox standards with this group and that covers ethical and legal principles for how we conduct business, customer service standards as well as environmental responsibility. In the year under review we surveyed our dealers on their environmental performance, especially their end-of-life disposal practices. The survey revealed a mixed response from dealers on rates of product return and recycling activity. While we feel the survey findings were not adequately robust to provide detailed metrics at this stage, we see an opportunity to improve cartridge-recycling rates, to gather all parts for remanufacture or recycling and to increase recycling of end-of-life equipment through this channel. The potential for leveraging a sustainability advantage in the marketplace also exists.

We have developed a dealer sustainability program to support those goals. This program is designed to provide a framework for our dealers to continuously improve environmental performance, especially the responsible disposal of end-of-life equipment, parts and cartridges and to promote their achievements with their customers. We acknowledge that our dealer network will require support in this effort. To that end we will share our environmental management tools with them and make them aware of the resources available to them through Fuji Xerox Australia, local council and recycling providers. One challenge we face is the environmental and financial cost involved in transporting dealer equipment from remote sites to our recycling facilities. We will work with our dealers to identify local recycling solutions and monitor this situation closely. In subsequent years the dealer program will be further developed to incorporate other aspects of sustainability performance.

Suppliers

The Fuji Xerox Australia approach to sustainable supply chain management is informed by the principles of the UN Global Compact, to which our parent is a signatory. We classify our procurement activity as either ‘direct’ or ‘indirect’. Direct spending involves payments to permanent employees and government as well as inventory purchases for resale. Our indirect spending covers goods and services bought for internal business purposes, logistics and contracted staff.

Xerographic equipment (direct procurement)

The inter-company purchase of equipment, parts and consumables, and the purchase of paper from international suppliers constitute 99% of our inventory purchases for resale. This is a significant proportion of our ‘direct spend’ overall.

Chart below

We rely on our parent company to ensure the sustainability integrity of our international supply chain’s largest component, Xerographic equipment. Fuji Xerox Company Limited is a Global Compact signatory and committed to high levels of transparency in respect of their business practices. We maintain relationships with those responsible for ethical procurement and monitor developments in that area with interest. Our former president and current Global Compact board member, Toshio Arima is particularly active in that regard.
The Fuji Xerox ethical procurement program is intended to evaluate our suppliers’ performance on environmental and social criteria and help them improve through a partnership approach. Our parent company has been carefully honing its policies and practices in ethical procurement for the last three years, guided by our commitments through the UN Global Compact and the industry-wide Electronic Industry Code of Conduct (EICC) standards. This work bore fruit in 2007/08 with the launch of management guidelines and distribution of a checklist for our major manufacturing suppliers. The majority of these suppliers have responded with a small number still being contacted for their replies.

Fuji Xerox has also begun visiting individual suppliers to discuss necessary improvements. Our parent has chosen to conduct these visits, rather than outsourcing them to a third party auditor to avoid the perception that we might be policing supplier conduct.

Visits have begun with suppliers in Japan and in the Shenzhen province of China. Fuji Xerox is particularly keen to identify specific opportunities for improvement with suppliers in China because more than 70% of our products are manufactured there. There is an increasing risk of production and shipment stoppages as a result of labour disputes in China. Good practice in labour standards have been shared with our suppliers through a local non-government organisation. Our goal is to not only address this labour relations risk, but also to improve social and economic conditions for the workforce in our supply chain.

UN Global Compact activity

Former Fuji Xerox president and UN Global Compact (UNGC) board member Toshio Arima has been working to advance the 10 Compact principles and highlighting the need to embed sustainability more strategically in corporate organisations. Arima has presented these messages and Fuji Xerox’s work in international recycling and ethical procurement at various UN meetings, including the UN General Assembly Special Event (New York; November 2007), the UN Climate Change Conference (COP13) in Bali (December 2007) and a Global Compact meeting in Korea (June 2008). Arima has also driven the establishment of a UNGC network in Japan with a dedicated secretariat and board.

Paper (direct procurement)

Fuji Xerox Australia is responsible for its own international paper procurement. Our Document Supplies Division regularly travels to our suppliers’ paper mills to ensure their practices meet our business standards. We ask our suppliers in Indonesia, China, France and Germany to meet environmental standards in line with those of the Forest Stewardship Council, the Program for the Endorsement of Forest Certification and the Sustainable Forestry Initiative and to sign or commit to signing up to the United Nations Global Compact. Our standards are available online – www.xeroxsupplies.com.au/environment.

At the time of publication one of our seven current suppliers has failed to respond. Of the six that have, three declarations raised issues needing further clarification, one relating to forest certification and the others relating to their Global Compact commitment. Pressure will continue to be applied on all our paper suppliers to submit full annual declarations of compliance with our policy and where required, to provide evidence to support them. As a result of the assurance of this Report a weakness was identified in the paper supply management system – we plan to commission an audit of the system with a view to strengthening how we test our suppliers’ declarations of compliance with our standards. In addition we will move towards the supply of independently certified sustainable paper stocks.

Indirect procurement

In the last year we have reviewed our procurement system with regard to indirect spending through an internal transformation program called ‘easibuy’. The drivers for this program were to reduce costs, increase productivity, mitigate risk and better address sustainability and legal considerations in supplier relationships. ‘Easibuy’ has so far involved the evaluation and benchmarking of our procurement function and the introduction of a procurement framework. The scope of this work includes strategic aspects of procurement, spend analysis, significant sourcing activities, contract management and supplier performance management. We are currently working on how we can share our sustainability standards with our suppliers through the ‘easibuy’ framework. This work will be completed in 08/09 and we will provide details in our next Report.
Staff engagement in local community programs

Fuji Xerox Australia is committed to making a positive social contribution. We have a number of initiatives to help the disadvantaged in the communities where we operate. While our operations don’t have an easily identified impact on local communities, we are aware of our potential social impacts on customers, employees and the broader community. Our management of issues such as product safety, work-life balance and the environmental impacts of our activities is reported in other sections.

The focus of our local community programs is to enable staff participation and create positive outcomes for the communities in which we operate. Encouraging employees to volunteer within company time and providing matched donations helps to engage and retain staff, a key business objective. These programs also give staff a rewarding team-building experience and expose them to local sustainability issues in a positive way. There are benefits for the community, for the business and for our employees. Our key current initiatives include our long-standing relationship with United Way, our recent engagement with the Australian Business Community Network and the Fuji Xerox Community Service Awards.

In 08/09 we plan to review the status of our community programs and benchmark against best practice so we can establish plans for further development of the programs.

United Way

We are committed to work with United Way through ‘Corporate Connect’, whereby teams of staff work directly with community organisations as volunteers. We had planned to conduct seven such events but staffing issues at United Way prevented us from doing so. In the year under review, five Corporate Connect volunteering days were held nationally, three in New South Wales and the remainder in Victoria and Western Australia:

- At the Foresight Foundation in New South Wales our volunteers painted and planted a garden to create a warmer and safer environment for the people who occupy the Glenmore Park home;
- At Glebe Centipede Children’s Unit in New South Wales our staff participated in ‘vacation care’ with children on school holidays, giving them a fun experience and access to positive adult role models;
- Our senior management team spent time with the same Glebe children at our Director, Corporate Affairs’ Blue Mountains farm, providing inner city children a rare opportunity to experience the natural environment;
- Staff in Western Australia renovated premises at Perth Inner City Youth Service; and
- Our Victorian Branch involved its sales team in a volunteering day to build team spirit and to raise awareness of social issues. 60 staff were involved in a range of activities with Bayley House, Vic Relief, Foodbank, Ardoch Youth Foundation and Sacred Heart Mission. Work included helping to prepare lunch for 450 people, packing food parcels and attending petting farms with school children, and painting murals for people with intellectual disabilities to enjoy.

We have maintained our relationship with the Glebe Centipede Children’s Unit, where we have installed and support IT resources on an ongoing basis. We have continued to support the Redfern Waterloo Authority (RWA) through a discounted communications solution that will help them engage the local community around our epicenterTM in an urban renewal project. RWA staff changes mean that not much progress has been made to date. It would please both parties to document the outcomes of this project in due course.

Australian Business Community Network

In 2006, Fuji Xerox Australia entered into a partnership with the Australian Business Community Network (ABCN). This initiative brings together major companies to support schools operating in under-privileged areas. We chose to work with primary and secondary schools in Tempe as they serve the community in which some of our offices operate. The students of these schools often have English as a second language, and many come from under-privileged homes.

Our relationship with the Tempe schools works at multiple levels:

- We are developing our employees to provide reading assistance to primary students;
- The GOALS program provides specific mentoring and role model support to Year 9 students aimed at enhancing student aspirations and encouraging the completion of secondary education; and
- Our Managing Director provides corporate counsel to the Tempe High School Principal on topics such as performance management, and he has a governance role through a position on the ABCN council.

‘I have been struck by the Australian Business and Community Network in education, where there is a very structured, focused intervention by a network of companies that is evidently improving educational outcomes in some of your most challenging schools.’

‘The relationship between Tempe High School and Fuji Xerox Australia is delivering positive outcomes for our students. Our year 9 students who are mentored by Fuji Xerox Australia staff show better levels of engagement in class with a corollary improvement in academic results and discipline. The intangible value for students in self-esteem and life skills development is less easy to quantify but clearly evident nonetheless.’

JOHN FAIRBURN, Principal, Tempe High School

Community Service Awards

We encourage the engagement of our staff with the community in which they live and work. Underpinning this commitment is our Community Service Awards program, which provides a series of grants to community organisations, with which our staff volunteer 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 $43,500 to 12 charities supported by our employees, with individual grants ranging from $2,000 to $5,000. 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.
Minimising environmental impact
Minimising our environmental impact

‘The climate change imperative demands that organisations assess their carbon footprint, establish targets for reduction, implement robust carbon management programs and disclose emissions. Fuji Xerox Australia has managed its carbon footprint since we published our first Report in 2005. This year we are looking closely at our carbon strategy and will establish a new carbon target and carbon reduction programs.’

ANDY LAMBERT, Managing Director

<table>
<thead>
<tr>
<th>Material issue</th>
<th>Performance</th>
<th>Achievements in 07/08</th>
<th>Opportunities, challenges and commitments moving forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental management of business operations</td>
<td>● ● ●</td>
<td>Maintained ISO 14001 certification; Advanced visibility of paper consumption and reduced paper use relative to revenue; Trained environmental coordinators and developed site specific environmental scorecards; and Launched quarterly challenges to increase visibility of site environmental performance.</td>
<td>Certification of environmental management systems for three new sites; Reduce waste to landfill and appoint new waste management provider; All future office developments in line with Green Star™ 4-star requirements; and Improve divisional accountability by sharing environmental targets with site managers in 08/09.</td>
</tr>
<tr>
<td>Carbon management</td>
<td>● ● ●</td>
<td>23% GreenPower™ achieved; and Automatic PC shutdown implemented.</td>
<td>Achieve 100% GreenPower™ by 2011; and Establish a new carbon target and carbon reduction programs.</td>
</tr>
</tbody>
</table>

Environmental management

Our parent company environmental strategy has three fundamental pillars:
- Climate change mitigation;
- Conservation of natural resources; and
- Reduction of environmental risk from chemical substances.

We implement this strategy at Fuji Xerox Australia by committing to reduce the environmental impact of our own activities and by helping our customers and business partners to do the same. Our environmental policy, which makes implicit reference to the precautionary principle, reflects this commitment and can be downloaded at www.fujixerox.com.au/environment.

Fuji Xerox Australia has an Environmental Management System (EMS) in place at 17 of our 20 sites, each of which is ISO 14001 certified and regularly audited by SAI Global. A national aspects and impacts register is maintained for these sites. This register outlines our compliance with environmental regulation and other EMS requirements. In addition, our Mascot warehouse and central logistics operation and our Zetland Eco-Manufacturing Centre have their own site-specific registers.

Our new spares warehouse opened mid-way through 07/08 (environmental data has been included in this Report) and has implemented an environmental management system that will be certified in 08/09. Our acquisition of a business process outsourcing company has led to the addition of two new sites – we are in the process of appointing EMS coordinators and environmental management systems will be established and certified in the next 12 to 18 months. We already include revenue from our new business process operations in our revenue-based targets and will include environmental performance data for these sites once office moves are complete and reporting procedures established in 08/09.

Commitment to continuous improvement is a fundamental tenet of our EMS, reflected in the following initiatives:
- In 07/08 we implemented a new system of quarterly environmental challenges, which focuses the organisation on carbon, waste, paper and water management by turn each quarter. With this promotional measure we hope to improve staff environmental awareness and support for EMS targets. Each quarterly challenge involves a competition between sites and the site with the most improved performance is recognised and rewarded;
- In 07/08 we conducted environmental training for all our EMS coordinators and developed EMS score-cards for every site to be used for monthly reporting against targets;
- We are reviewing our carbon target in 08/09 and already measuring emissions in new areas to establish a more robust baseline;
- We continue to work on environmental data collection by improving internal systems and working with suppliers;
- The organisation as a whole supports the achievement of environmental targets and we plan to improve divisional accountability by sharing the responsibility for EMS targets with site managers in 08/09; and

We also encourage staff to reduce their footprint at home and insert environmental guidelines into ‘Staff News’.
Environmental performance

Our environmental targets are informed by our policy by assessing our impacts and with guidance from our parent company.

Carbon

The climate change imperative demands that organisations assess their carbon footprint, establish targets for reduction, implement robust carbon management programs and disclose emissions. Although our footprint does not fall within the threshold of the National GreenHouse Energy Reporting Scheme, we are committed to reduce our carbon emissions.

Fuji Xerox Company Limited reports the carbon emissions from every operating company, (including emissions from regional manufacturing and distribution) in their Sustainability Report. Since 2005, Fuji Xerox Australia has managed emissions associated with electricity and gas usage, the company-leased service fleet and warehouse forklifts and we state our overall carbon output as an eco-efficiency factor relating revenue to tonnes of carbon produced. Charts below and opposite ▲.

We are currently developing a carbon strategy for our business and identifying our carbon risks and opportunities. While this work is still in progress we believe IT, building facilities and logistics will be strategic points of focus. This year we have expanded the scope of our carbon management to include transport logistics (inter-state distribution of goods and reverse logistics to Thailand) and employee air travel because we feel they are materially relevant¹. This has increased our baseline measurement so we have re-stated our total carbon emissions for the years 03/04, 04/05, 05/06 and 06/07, using estimates for logistics and air travel data in 03/04 and 04/05. The expansion in scope of our carbon reporting will necessitate the review of our carbon target and the development of new carbon management programs across our business in 08/09.

We are also working to ensure we have correctly established our baseline. While our travel provider follows a robust methodology to measure carbon emissions from employee air travel, we have identified some measurement issues with some of our logistics suppliers. For that reason we are working with them to understand their current measurement systems, help them improve and identify opportunities for more carbon-efficient logistics management.

Reducing energy use remains a key challenge as our business grows. Our strategies to reduce energy consumption are largely associated with building facilities upgrades and IT efficiency measures. Current initiatives include:

- Automatic PC shutdown at 7pm for networked devices at all sites;
- We have recently analysed our energy consumption site-by-site to identify opportunities for improvement. Further investigation is currently underway at sites with high use patterns and reduction strategies will include installation of energy efficient lighting at single occupancy sites and power connection at our Zetland site. This latter measure connects the power factor helping to save energy at the supply grid by building a local grid of capacitors and inductors to save energy dissipation through the transmission lines;
- Moving forward we will ensure all future building refurbishments are in line with Green Star™ 4-star requirements, although we will not seek certification; and
- In our last Report we indicated that we would explore moving the small proportion of our fleet using petrol vehicles to LPG. While the appropriate LPG vehicle for the purpose intended is not available we will explore the purchase of more fuel-efficient vehicles in 08/09.

We have committed to purchase certified GreenPower™ for all our sites by 2010, through 25% annual increments. We did not meet our 50% GreenPower commitment in 07/08 due to protracted billing / administration issues with our electricity supplier and competing business priorities. This, combined with rising cost pressures has led us to revise our GreenPower targets, which will result in the company achieving 100% GreenPower a year later than intended in 2010/11. Chart right ▲.

We use the GreenHouse Gas Protocol Corporate Standard to classify emissions and define our operational boundaries. We also use the calculation methodology and emission factors from the Department of Climate Change.

<table>
<thead>
<tr>
<th>Target</th>
<th>Achievement 03/04</th>
<th>Achievement 04/05</th>
<th>Achievement 05/06</th>
<th>Achievement 06/07</th>
<th>Achievement 07/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Double eco efficiency by 2010</td>
<td>1 starting base $41,666 revenue / tonne CO2</td>
<td>1.07 $44,381 revenue / tonne CO2</td>
<td>1.22 $63,200 revenue / tonne CO2</td>
<td>1.26 $52,391 revenue / tonne CO2</td>
<td>1.46 $60,953 revenue / tonne CO2</td>
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</table>

▲ Carbon emissions by energy source²

1. We use the GreenHouse Gas Protocol Corporate Standard to classify emissions and define our operational boundaries. We also use the calculation methodology and emission factors from the Department of Climate Change.
2. Electricity calculations include 1,698 tonnes carbon avoided through GreenPower™ purchase and logistics excludes a small proportion of rail transport for which we do not yet have data.

▲ Carbon emissions by tonne relative to revenue generated

- Petrol
- LPG
- Natural gas
- Electricity
- Transport logistics
- Air travel
- Total

<table>
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<tr>
<th>03/04</th>
<th>04/05</th>
<th>05/06</th>
<th>06/07</th>
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</table>
This data includes end-of-life equipment, parts and cartridges gathered from our Australian customers and responsibly disposed at either our Eco-Manufacturing Centre or the Asia Pacific Integrated Recycling Centre (see section 5).

We are currently reflecting on whether returned products should be included in the zero waste to landfill figures for our business operations. If we were to remove returned products from our total waste data in this section our percentage waste to landfill would increase. In addition we should be able to estimate the amount of equipment not returned to us and include that in our total waste data. However our systems are still being honed to enable calculation of percentage returned products, as discussed in section 5. These are some of the challenges we face as an organisation committed to extended producer responsibility; challenges we regularly explore and to which we respond through the work of our cross-divisional waste management committee.

Fuji Xerox Australia’s waste by type and destination for the past four years is shown in the following charts. Charts next page ▶

3. Excludes logistics and air travel.
Table includes data gathered from waste providers and estimates for shared occupancy sites contaminated waste includes a hazardous waste component.

06/07 figures for equipment and cartridge recycling have been restated.

Achievement against zero landfill target:

Landfilled waste by category:

Recycled waste by category:

4. Table includes data gathered from waste providers and estimates for shared occupancy sites contaminated waste includes a hazardous waste component. 5. 06/07 figures for equipment and cartridge recycling have been restated.
Our goal is to reduce our utilisation of forestry resources relative to our growing business activities. We plan to increase revenue per tonne of paper used by 30% by 2010, and increase the proportion of recycled paper use to 50%. The company has a policy of maximising the use of Green Wrap paper (60% recycled) internally and ensuring that other paper supplies are sustainably sourced.

### Target

| Increase revenue per tonne of paper by 30% by 2010 | 114 tonnes $4.7m revenue / tonne paper |

### Achievement 04/05

| 115 tonnes $4.9m revenue / tonne paper | 131 tonnes starting base $4.8m revenue / tonne paper |

### Achievement 06/07

| 120.7 tonnes $5.7m revenue / tonne paper 18% increase revenue per tonne | 122.1 tonnes $6.1m revenue / tonne paper 26% increase revenue per tonne |

### Achievement 07/08

- **Water usage**
  - **Zetland**
    - 06/07: 11,396 KiloLitres
    - 07/08: 5,271 KiloLitres
  - **Mascot**
    - 06/07: 12,686 KiloLitres
    - 07/08: 11,789 KiloLitres
  - **Total water usage**
    - 06/07: 31,096 KiloLitres
    - 07/08: 20,458 KiloLitres

The year under review witnessed a decrease in paper use relative to business growth, in line with our target. This decrease was aided by:
- The increased visibility of each division on actual paper use, which in turn encouraged efficiency;
- The Document Supplies Division uses slightly damaged paper for internal business purposes;
- We have implemented double-sided printing as default on most printers in the business and recently included a resource efficiency reminder on our email signatures; and
- Moving forward we will use our quarterly challenge framework to build awareness for efficient paper use and encourage high-use divisions to change paper-intensive routines through the sustainability champion program.

Water

We aim to increase efficient water use at all our sites. We achieve this by installing water efficient features in our kitchens and toilets whenever a building refurbishment is planned and by ensuring water leaks are promptly repaired. Because our Zetland and Mascot sites have high levels of water usage we target those facilities to develop specific strategies to reduce usage. Zetland’s reduction has been achieved by fixing water leaks. We are currently exploring the installation of rain-water tanks at both these sites, although inadequate water-pricing signals from the government make it difficult to establish a business case.
Appendices

‘Experience tells us that sustainable business practices are not only socially responsible, but integral to long-term business growth and success. While 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.’

PETER DIPROSE, Environment Manager, Fuji Xerox Printers

Fuji Xerox Printers

Fuji Xerox Printers (FXP) (a branch of Fuji Xerox Asia Pacific Pty Limited) distributes colour and monochrome printers and multifunction devices across the Asia Pacific region. FXP is committed to delivering products, services and technologies that 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 2007, FXP had sold almost 40,000 printers during the fiscal year, achieving 26% revenue 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 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. 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 has 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 as the children grow and develop under the program. Several fundraising events have been held in order to support NFP organisations including the Australian Cancer Council, the National Breast Cancer Foundation and the Children’s Medical Research Institute.

FXP’s Environment Manager, Peter Diprose, had the pleasure of becoming the ‘Principal For A Day’ of Crestwood Public School during education week, as part of a state-wide program. He observed first-hand the wide variety of day-to-day tasks that teachers handle and gained a better understanding of modern-day education. School Principal Ray Hudswell also appreciated the opportunity to learn about management in a commercial environment, and the chance to swap ideas with someone from the business community. Peter spoke with over 100 year 6 students about the environmental challenges facing modern businesses, and about some of the activities being undertaken by FXP in order to address these issues. Presenting the school with a new Phaser 8560 colour solid-ink printer concluded the day. The initiative has helped develop closer ties with the local community and an ongoing program of activities involving FXP and the school is under development.

On the environmental front, FXP is ISO140001 accredited and has actively worked on reducing greenhouse gas emissions. The company produces 27% less carbon than when the program began in 2003. We have recycled 77% of waste output over the past year, and planted more than 2,000 trees in the local community to support regeneration of native environments. Our largest project is the implementation of an effective solution for recycling our toner cartridges across the region, and we are excited about expanding this program over the coming year.

Another example of our environmental responsibility is the continued development and sale of solid ink technology. The impact of this technology minimises the use of consumables dramatically and eliminates print cartridges altogether, reducing the amount of consumables waste generated by 90% 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. While 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
June, 2008
To Fuji Xerox Australia’s stakeholders

Banarra Sustainability Assurance and Advice (Banarra) was commissioned by Fuji Xerox Australia (FXA) to assure its Sustainability Report 2008 (the Report) against the AA1000 Assurance Standard. In conformance with the Standard, our approach assures in terms of materiality, completeness and responsiveness – in other words, we assure whether the Report identifies and addresses the most important issues and that the information is reliable and meaningful. In addition, Banarra undertook a validation of the Report against the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

This is Banarra’s third reporting cycle with FXA, so we have built on our previous understanding of the organisation and its progress.

Summary

We believe the Report provides a fair and balanced representation of FXA’s material (most important) sustainability performance areas, issues and responses for 2008 in a way that allows stakeholders to make informed decisions. Nevertheless we have identified opportunities for improvement within this statement. These are presented in more detail in a report to FXA management.

Assurance scope

The scope of our assurance included data and claims relating to FXA in all sections of the Report, with the exception of financial data. It excludes all data and claims from Fuji Xerox Group, Fuji Xerox Thailand and Fuji Xerox Printers.

Banarra Assurance Methodology

We developed a register of material performance areas and issues, identified through research based on the Accountability five-part materiality test. This included interviews with six Fuji Xerox Australia external stakeholders and six members of the executive team, including the Managing Director, Andy Lambert. Reviews were conducted of internal documentation such as policies, surveys and executive board papers. We also carried out internet-based research for sector issues, standards and peer sustainability reporting.

Our criteria found 20 issues to be material and these focused our testing of the Report. Testing included review of FXA’s own stakeholder engagement and materiality process, review of data generation processes, conducting interviews, investigating assumptions and developing audit trails. This testing enabled us to take a view on the materiality, completeness and responsiveness of the Report, along with the level of application of the GRI Sustainability Reporting Guidelines.

Materiality – has FXA identified what’s important?

All of the material issues that we identified are acknowledged in the Report.

We are impressed with FXA’s progress in broadening and formalising its stakeholder engagement and materiality analysis processes. This includes FXA’s multi-stakeholder sustainability survey and additional stakeholder specific surveys. In addition, FXA has developed a comprehensive methodology for combining stakeholder views and prioritising the issues that are most important for both the organisation and its stakeholders. These issues have been clearly identified and form the structure of the Report.

Completeness - has FXA understood these issues?

FXA articulated its understanding of the majority of its material issues in the Report. Within extended producer responsibility, we are pleased with the transparent account of its end-of-life equipment accounting challenges. We believe FXA’s stated response to these challenges will help the organisation maintain its leadership in this area. Nevertheless we found that the equipment utilisation monitoring, showing rates of equipment recycling and remanufacture, requires review and formalisation.

FXA has committed to doing this in 08/09.

Inclusion and measurement of logistics suppliers within FXA’s carbon emissions profile was an important step towards a more complete understanding of the organisation’s climate change risks and impacts. The calculation methodology comes from Fuji Xerox Group and is outside the scope of Banarra’s assurance assignment. As such, we recommend that FXA request that Fuji Xerox Group gain independent assurance of the calculation methodology.

Overall, we identified a number of errors in the figures and claims presented. All were addressed and are corrected in the Report. However, we were unable to find sufficient evidence to come to an opinion on the figure for serious occupational health and safety (OHS) incidents. FXA recognised that its current OHS incident reporting system does not allow for adequate corporate management review or thorough external verification. We also believe that FXA could have provided a more complete account of its OHS risks and risk management. We were pleased that the organisation committed to improving its incident reporting system, risk assessment and the level of senior management review and scrutiny of this material issue in 08/09.

Responsiveness – has FXA responded to these issues?

The Report contains FXA’s responses to the majority of its material issues. We were pleased that FXA has initiated dealer and supplier sustainability monitoring and engagement programs and look forward to watching these programs develop. Going forward, we recommend that FXA also include information on how it manages the sustainability performance of dealers.

Another part of FXA’s supply chain management that would benefit from a more comprehensive response is sustainable paper sourcing. For the third consecutive year the report assurance process has identified suppliers who confirmed compliance with the FXA Environmental Standards but were actually non-compliant in some aspect. We recommend that an audit of the system for managing paper sourcing be conducted with a view to improving its quality.

FXA has a good range of environmental performance targets. We are pleased that FXA has introduced some additional non-environmental performance targets this year. We recommend that FXA go further and commit to a broader range of non-environmental targets, including short, medium and long term, and clearly link these to overarching objectives.

FXA responded to many of the opportunities we identified in our assurance statement last year. However, whilst the organisation has made some improvements to its OHS management system, it did not fully respond to our previous opportunities in 2006 and 2007 to provide a complete picture of OHS performance. We believe this ongoing issue requires senior management attention.

We believe FXA has adequate resources to enable the implementation of the commitments articulated in the Report.

Global Reporting Initiative

We concur with FXA’s own assessment that they have achieved GRI application level B+.

Independence

Banarra was paid by FXA to conduct this assignment. Other than this payment and a senior executive being Richard Boele’s stepfather’s cousin, the assurance team declares itself independent in relation to FXA and its stakeholders. There is a detailed statement on our independence, impartiality and competencies at www.banarra.com
Table of correspondence with the Global Reporting Initiative G3 guidelines

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<td>EN4 Indirect energy consumption</td>
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<td>PR8 Substantiated privacy complaints</td>
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1. Full disclosure is provided unless otherwise stated
2. These aspects of governance are controlled by our parent company
3. This is a material indicator for us; however, our internal systems do not currently allow full disclosure.
4. The complexity of our international product life cycle makes it difficult for us to pinpoint at which specific stages health and safety impacts are assessed and the percentage of product categories covered in each stage.
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<td>Management Approach Disclosures for each Indicator Category</td>
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<td>Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either a) reporting on the Indicator or c) explaining the reason for its omission</td>
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* Sector supplement in final version