Sustainability Report 2010
Celebrating 50 years of operation in Australia.
The 2010 sustainability report covers the Fuji Xerox Australia financial year ending 31 March 2010. The report complies with GRI level B+ requirements and has been independently assured by Banarra Sustainability Assurance and Advice in accordance with the 2008 AA1000 assurance methodology. Ernst and Young audits our financial statements, which have been placed on public record.

Our sustainability report is available on our external website at www.fxasustainability.com and in concise print format. This report was printed at our epicenter™ in Sydney on our latest production device, the Color 1000 press.

We invite our readers to share comments, suggestions and thoughts on this report by participating in the online survey. Amanda Keogh, National Environment and Sustainability Manager, welcomes any further comments on our activities by email — Amanda.Keogh@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. The release of this report would not have been possible without their assistance and input.

About the front cover

This photograph depicts the Xerox 914 copier, which was the foundation for our multi-billion dollar industry and was instrumental in the early success of Fuji Xerox Australia. First shown to the public on 16 September 1959 during a press conference in New York, the 914 was as large as a desk and could make seven copies per minute. By contrast, the Fuji Xerox 980 continuous feed device can print high volume work at an astonishing rate of 980 full colour, double-sided sheets per minute. Our back cover depicts where document technology is headed. We invite readers of our print report to experiment with ‘augmented reality’ for a visual representation of the future of documents and the future of our business.
## Contents

### Foreword
- Foreword 4
- Message from our Managing Director 4
- Stakeholder engagement and materiality frameworks 6
- Report scope and approach 8
- Reporting as a learning process 8
- Reporting cycle 8
- Report boundary 8
- Engaging staff 8
- Fuji Xerox sustainability timeline of achievements 9
- Summary sustainability performance 10

### Business performance
- Business performance 18
- Message from our General Manager, Business Services 18
- Corporate profile 19
- Organisation structure 19
- Business performance 20
- Quality and innovation 23
- Product and service innovations 23
- Internal business process innovation 24

### Corporate governance and compliance
- Corporate governance and compliance 26
- Message from our General Manager, Corporate Affairs 26
- Fuji Xerox Australia parentage 27
- Governance 27
- Embedding sustainability 28
- Values, ethics and legal compliance 30
- Code of Conduct 30
- Reflecting and reconnecting with our values 31
- Legal compliance 31
- Incidents and complaints 31

### Improving customer experience
- Improving customer experience 32
- Message from our General Manager, Customer Support 32
- Managing and measuring the customer experience 33
- Customer satisfaction assurance system 34
- Customer satisfaction meetings 34
- Regional competitive benchmarking 35
- Office customer satisfaction 35
- Office customer satisfaction levels 35
- Office net promoter score 36
- Production customer satisfaction 37
- Production customer satisfaction levels 37
- Production net promoter score 37
- Global Services customer satisfaction 38
- Office Services customer satisfaction 38
- Print Services customer satisfaction 38
- Design Services customer satisfaction 38
- Mail Services customer satisfaction 39
- Customer support 40
- Measuring support effectiveness 40
- Measuring equipment reliability 40

### Providing customers with a responsible solution
- Providing customers with a responsible solution 42
- Message from our General Manager, Eco Manufacturing Centre 42
- Helping customers become more sustainable 43
- Addressing long term sustainability with production customers 43

### Industry-leading energy performance
- Industry-leading energy performance 44

### End-of-life resource recovery
- End-of-life resource recovery 46

### Eco Manufacturing Centre
- Eco Manufacturing Centre 48

### Asia Pacific Integrated Recycling Centre
- Asia Pacific Integrated Recycling Centre 48

### Optimising end-of-life product return
- Optimising end-of-life product return 50

### Advocating for extended producer responsibility
- Advocating for extended producer responsibility 50

### Responsible paper sourcing
- Responsible paper sourcing 51

### Assessment of compliance with standards
- Assessment of compliance with standards 52

### Bringing certified paper stock to market
- Bringing certified paper stock to market 52

### Educating stakeholders
- Educating stakeholders 52

### Product safety
- Product safety 53

### Product safety performance
- Product safety performance 53

### Engaging employees
- Engaging employees 54
- Message from our General Manager, Human Resources 54
- Employee engagement 55
- Engagement levels 55
- Engagement drivers 55

### Organisational development
- Organisational development 56
- Manager-led development 56
- Training 58
- Culture 58

### Staffing levels
- Staffing levels 59

### Occupational health and safety
- Occupational health and safety 60
- OHS management 60
- OHS performance 61

### Influencing sustainability outcomes
- Influencing sustainability outcomes 62
- Message from our General Manager, Integrated Sales and Marketing Division 62
- Engaging business partners in sustainability 63
- Responsible procurement 63
- Procurement performance 64
- Dealer sustainability 65

### Staff engagement in community programs
- Staff engagement in community programs 66
- United Way 66
- Australian Business and Community Network 67
- Community Service Awards 68

### Minimising environmental impact
- Minimising environmental impact 70
- Message from our General Manager, Supply Chain Operations 70
- Environmental strategy and management 71
- Carbon management 73
- Carbon strategy 73
- Carbon measurement 73
- Managing emissions from business operations 73
- Managing emissions from logistics suppliers 75

### Waste management
- Waste management 76
- Measuring waste from business operations 76
- Managing waste from business operations 77

### Paper use management
- Paper use management 78

### Water use management
- Water use management 79

### Appendices
- Appendices 80
- Independent assurance statement 80
- Table of correspondence with the Global Reporting Initiative G3 guidelines 82
Message from our Managing Director

In 2010 we celebrate 50 years of achievement for Fuji Xerox in Australia. Since 1938, when our founding father Chester Carlson invented xerography as a way to easily and cheaply copy documents, we have defined and redefined documents and how they are used, and we continue to do so.

Even in those early days our leadership recognised ahead of its time that what was good for society, was good for our business. That innate sense of corporate responsibility has been borne through successive generations of Xerox and Fuji Xerox leaders, who have enabled world-changing technology innovations, whilst taking great care to minimise our environmental footprint. We are proud to share those discoveries through the World Business Council for Sustainable Development ‘Eco-Patents’ initiative.

Our leadership in corporate responsibility has led Xerox Corporation to be regularly listed on the Dow Jones Sustainability Index and our former Fuji Xerox President Toshio Arima to be elected to the United Nations (UN) Global Compact board.

As Managing Director it is both my privilege and duty to carry that sustainability commitment forward at Fuji Xerox Australia. This year we have been honoured to be a finalist in the Victorian Premier’s Sustainability Awards; to be highly commended in the New South Wales Government’s Green Globe business sustainability awards and to win outright in the environmental sustainability category of the Australian Business Awards. Our 2009 sustainability report won ‘Best Sustainability Report’ at the Australasian Reporting Awards.

After 50 solid years, we are in a very stable business position with a robust business model that produces consistent earnings growth. There is no better time than now to reflect and refocus, to build on our strength as the market leader and continue to be a sustainable business for the long term.

Now we have a new vision and mission to carry us forward, driven by changes in our traditional markets and in our customer needs. Over the next five years we are forging our path as an information and communications company and a trusted partner who can help our customers make the most of their IT infrastructure and bridge the paper and digital worlds.

The pace of technology innovations makes our market a very dynamic one with constantly evolving customer needs. The information age has increased both the volume and the distribution of data on which organisations base decisions. Each year the amount of information created (paper and digital) grows faster than 65 percent. One quarter of working time is spent managing this information overload and around half of that information is still paper-based. The challenge our customers face is how to turn paper and digital documents into effective business knowledge.

The Fuji Xerox Australia vision is to be the company that transforms tomorrow’s documents to knowledge. How will we do this? We will integrate data, documents and business processes to harness knowledge for our customers. And how will we know we have achieved the vision? By 2015 we will have grown a sustainable business by creating and leading a new market in ‘integrated document services’. We will have become a valued business partner and employer of choice, and we will have built a purpose-driven and values-led culture that prides itself on diversity, community engagement and environmental stewardship.

Our business has always been underpinned by a commitment to sustainability — we operate in a way that is good for people, good for the planet and good for profit.

Our new vision will be delivered with the same principles. We will continually invest in our people and build a culture of high performance, employee engagement and diversity so that we will have the capabilities required to achieve our goals.

Increasing environmental drivers from our customer base focus our environmental stewardship efforts, which traditionally have been informed by a sense of responsibility to future generations. Corporate and government clients are looking for a business

* IDC ‘Cutting the Clutter: Tackling Information Overload at the Source’ (2009).
partner who can ensure that information is delivered in the most effective way, with minimal impact on the environment.

We are committed to working with our business partners to create resource efficiency and business results through the solutions we provide, recognising that while we can work to reduce our own footprint, we can have an ever greater impact by working through our customers and suppliers to optimise the entire value chain.

This report is a transparent account of our performance across the broad aspects of our business sustainability. Our financial performance this year has been solid in a challenging economic environment. The strength of our brand has been demonstrated in a regional competitive benchmarking survey, in which we led the customer loyalty index. However, we still have work to do in consolidating and embedding our customer satisfaction framework.

The tenth year of operation for our UN award-winning Eco Manufacturing Centre is a significant milestone and its next ten years will witness greater levels of regional collaboration as we share our remanufacturing expertise for broader benefit.

Declining employee engagement levels have disappointed us. We will continue our work to fully understand and improve engagement drivers, so that we can meet our goal of becoming an employer of choice.

I am delighted that employee participation in community volunteering has quadrupled in the year under review and that our environmental targets have mostly been met and in some cases surpassed — with a 25 percent decrease in water use, a 15 percent decrease in paper use, a 19 percent decrease in waste to landfill and a 1 percent decrease in carbon emissions. Looking forward, our focus will be to enrol our stakeholders to address our sustainability challenges and opportunities in collaboration with them.

The year ahead is the first in a five-year journey for our vision. We hope that you will continue on the journey with us and invite you to find out more about our new vision and our ongoing commitment to sustainability in our 2010 sustainability report.

Yours sincerely,

Nick Kugenthiran
Managing Director

New directions

In my 18 years of working at Fuji Xerox Australia, I have witnessed the organisation change and grow. From ‘the document company’ we have evolved into a services-led technology company, known for our market leadership, innovation and commitment to sustainability. Now we have a new vision and mission to carry us forward, driven by changes in our traditional markets and in our customer needs.

Vision

Our vision is to be the company who is transforming tomorrow’s documents into knowledge. How will we do this?

Mission

We will integrate data, documents and business processes to harness knowledge for our customers.

And our goals?

To grow a sustainable business by creating a new market for integrated document services while becoming an employer and partner of choice.

Our business has always been underpinned by a commitment to sustainability — we operate in a way that is good for people, good for the planet and good for profit. Our new vision will be delivered with the same principles.
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 line with commitments made in our previous report, this year we have developed a more robust stakeholder engagement framework so we can map out how we are currently engaging stakeholders and identify where we can improve. We have categorised engagement mechanisms on a scale from those that simply ‘inform’ to those that ‘empower’.

Our goal is to have appropriate engagement mechanisms in place for each group, so that we can ensure all relevant concerns are heard and addressed. Our approach is to enhance existing engagement mechanisms and ensure that the parts of our business that own specific relationships drive the engagement around sustainability issues.

We have well-developed mechanisms for engaging our primary stakeholder groups, customers and employees, who are also the main audiences for this report.

However new engagement mechanisms have been developed for some stakeholders, such as suppliers. We have taken steps to address a specific gap by distributing our first supplier newsletter.

Preparation for each of our sustainability reports involves developing a register of our most important or ‘material’ issues. This year we refined the materiality process by which we identify our key sustainability impacts, risks and opportunities and mapped them relative to the level of stakeholder interest in the issue and the extent to which the issue affects our ability to deliver strategy.

It is important that we can now prioritise the views of our primary stakeholder groups, our parent company, our customers and our employees. In the coming year we plan to refocus efforts to develop an enterprise risk management system. This will provide the opportunity to align our materiality and risk registers with the strategic business planning process, which is also under review (see ‘corporate governance and compliance’).

The ultimate purpose of this work is to help us reflect on the implications of sustainability challenges on our financial performance and long-term prospects, which will in turn help us to prioritise and assign resources.

* Dealer sustainability is addressed in this report as dealers are a key stakeholder.
## Engagement mechanisms

<table>
<thead>
<tr>
<th>Inform</th>
<th>Consult</th>
<th>Involve</th>
<th>Collaborate</th>
<th>Empower</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing stakeholders with balanced, objective information.</td>
<td>Obtaining stakeholder feedback.</td>
<td>Working directly with stakeholders to ensure concerns are fully understood.</td>
<td>Partnering with stakeholders in the development of solutions.</td>
<td>Placing decision-making in stakeholders’ hands.</td>
</tr>
</tbody>
</table>

### Parent company

- Sustainability reporting; biannual environmental reporting.  
  - Annual CSR survey.  
  - Regional CSR committee.  
  - Regional CSR workshops.  
  - Corporate environmental target setting; product environmental features.

### Employees

- Sustainability reporting; corporate communications; sustainability e-newsletter; environmental training; induction process.  
  - Employee engagement survey; community program survey; ‘Green Gripe’ survey.  
  - Employee engagement focus groups.  
  - Employee engagement working group; environmental coordinators annual workshop; community champion workshops.

### Customers

- Sustainability reporting; environmental brochures; web developments; sustainability e-newsletters.  
  - Customer surveys; sustainability presentations; win/loss review.  
  - Social media (live chat); customer round tables.  
  - Sustainability on service centre sites.

### Suppliers

- Sustainability reporting; supplier sustainability e-newsletter; sustainability code for suppliers.  
  - Supplier survey.

### Dealers

- Sustainability reporting; dealer sustainability program.  
  - Dealer satisfaction survey.  
  - Dealer conference; dealer sustainability webinars.

### Community organisation

- Sustainability reporting; United Way and ABCN channels.  
  - Community program survey.  
  - Community champion workshops.  
  - United Way community impact pilot program.

### Government

- Sustainability reporting; Equal Opportunity for Women reporting; policy feedback.  
  - Industry / government e-waste regulation working groups.

### Environmental organisations

- Sustainability reporting.  
  - Policy development; Forest Stewardship Council board membership.  
  - Round tables on specific issues (e-waste).

### Industry

- Sustainability reporting.  
  - Industry / government e-waste regulation working groups.

* This engagement mechanism is not consistently used.
**Report scope and approach**

**Reporting as a learning process**

This is our sixth sustainability report. Enhancements to the reporting process and output this year include:

- A more robust stakeholder engagement framework that outlines how we listen and respond to stakeholder concerns.
- Improvements to our materiality process, which determines what is covered in the report.
- Further alignment of our sustainability targets and performance indicators with the core business planning and reporting process.
- Further development of our dedicated microsite to encompass not only our annual reporting but also ongoing coverage of significant sustainability issues that are at the heart of our business.
- Utilisation of social media to allow comment on sustainability issues through our microsite.

**Sustainability assurance**

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

**Fiscal integrity**

Ernst and Young conducts our annual financial audits. 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 from qualification.

**Reporting cycle**

Our sustainability reports are published annually and this one covers the financial year ending 31 March 2010. In some material cases information is provided on events that occurred after the year ended. This report is published in August, five months after our financial year closed and 12 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.
- A regional product distribution hub and a regional support centre which Fuji Xerox Australia operates on behalf of its parent company. Whilst these operations include staff employed by both our parent company 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.
- The company has no joint ventures nor subsidiaries, 19 of our 20 locations are leased, our national warehouse is owned by us and all 20 locations are within the scope of this report.
- Since the close of the year under review there have been two acquisitions, which will expand the footprint of our operations. These businesses will be progressively brought within the scope of the report in coming years.

This report does not include Fuji Xerox Printers, a separate Fuji Xerox entity focused on the desktop printer market across Asia Pacific. It also excludes the environmental footprint of the managed services we provide on customer sites.

We recognise that when customers outsource business processes to us, such as Print, Design, Mail and Office Services, we are obliged to manage these processes with environmental responsibility, so we have begun to address this.

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 North 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 Ltd., produces a broader sustainability report that incorporates the sustainability performance of other group companies responsible for manufacturing, distribution and end-of-life product resource recovery. Visit: www.fujixerox.com/eng/company/sr/2010

**Engaging staff**

In preparing this report, different divisions helped provide content and develop targets and key performance indicators.

Every year, we involve our employees in the design of our report by running a photography competition, which also encourages reflection on sustainability. Their work is featured throughout the pages of this report.

We would like to especially recognise William Zaitseff, whose striking image won this year’s competition. Because this year is the fiftieth anniversary of the company’s establishment, the front and back covers reflect our rich heritage of innovation in defining and redefining the document.

Rather than reading an online or print version of the sustainability report, some of our people prefer a presentation summarising our achievements and challenges. This year we will bring lunchtime briefings to all major locations so that our staff can quickly get across key messages. Internal communication has undergone significant review and improvement across our company in 10/11.
1969
- Fuji Xerox establishes Pollution Prevention Committee.

1972
- Fuji Xerox introduces first product capable of double-siding.

1982
- Fuji Xerox incorporates recycled parts in manufacture of new products.

1990
- Fuji Xerox establishes new carbon emissions reduction targets (30% reduction against 2005 levels across the product lifecycle by 2020).
- Fuji Xerox Australia is highly commended at the Green Globe Awards and wins:
  - Australian Reporting Award for Best Sustainability Report.
  - Australian Business Award for Environmental Sustainability.
- Fuji Xerox Australia chairs the FSC Australia board.
- Fuji Xerox is recognised for an 11th consecutive Energy Conservation Award at the 20th Energy Conservation Centre Awards in Japan.
- Fuji Xerox Australia is commences working with the AIIA to push industry and government for the establishment of an e-waste recycling regime for Australia.

1991
- Fuji Xerox begins collection and recycling of toner cartridges in Japan.

1993
- Recycled paper introduced in Australia.

1994
- Fuji Xerox Australia begins recycling of parts and consumables.

1996
- Fuji Xerox Australia begins remanufacturing end-of-life equipment.

1997
- All major Fuji Xerox manufacturing sites achieve ISO14001 certification.
- GreenWrap® 50% recycled copy paper introduced in Australia.

2000
- Fuji Xerox Australia Eco Manufacturing Centre opens, wins election to UN 500 Roll of Honour for environmental leadership.
- Zero waste to landfill is achieved at Fuji Xerox Asset Recovery facility in Japan.
- Fuji Xerox Australia and Xerox collaborate to support the Sydney 2000 “greenest ever” Olympic Games.

2002
- Eco Manufacturing Centre wins:
  - Australian Institute of Engineering Excellence Award: Products, Manufacturing and Control Systems.
  - Australian Electrical and Electronic Manufacturers’ Association (AAEMA) Excellence Award: Product Stewardship.
  - Australian Manufacturing Environmental Solution of the Year and Import Replacement Manufacturer of the Year at the Industracom Industry Awards.

2004
- Eco Manufacturing Centre wins Australian Institute of Engineering Excellence Award.
- Fuji Xerox Australia commences working with the AIIA to push industry and government for the establishment of an e-waste recycling regime for Australia.

2005
- Fuji Xerox Australia commences shipping end-of-life equipment, parts and consumables to the Integrated Recycling Centre in Thailand for 99% resource recovery.
- Fuji Xerox Australia publishes first Sustainability Report.

2008
- Fuji Xerox establishes new carbon emissions reduction targets (30% reduction against 2005 levels across the product lifecycle by 2020).
- Fuji Xerox Australia brings FSC and PEFC certified papers to market and is appointed to FSC Australia board.
- All Fuji Xerox Australia office devices are GECA certified and compliant to Energy Star 2009 standards.

2009
- Fuji Xerox Australia wins industry first EcoProducts Award at the Minister of Economy, Trade and Industry EcoProducts Awards in Japan.

2010
- Fuji Xerox Australia receives commendation from Association of Chartered Certified Accountants for 2007 Sustainability Report in Australia.
- Fuji Xerox wins an EcoEfficiency Award for promotion of eco-efficient products and practices at the 19th Energy Conservation Center Awards in Japan.
- Fuji Xerox Integrated Recycling Centre is opened in China with the capacity to disassemble and recycle 15,000 machines and 500,000 cartridges per year.

2011
- Eco Manufacturing Centre wins:
  - Eureka Innovation Prize for Industry, installation of an exhibition at the Australian Museum.
  - Australian Institute of Engineering Excellence Award: Environment.
## Summary sustainability performance

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>Direction</th>
<th>09/10 objectives</th>
<th>How did we do?</th>
<th>Progress</th>
<th>10/11 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business performance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business performance: meeting revenue targets and achieving business results</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▶ To be the leader in providing the Australian market with integrated document services.</td>
<td>▶ 5% growth in total revenue across FXA.*</td>
<td>▶ $792.4m revenue, a 1.6% increase on 08/09. Global Services revenue grew 3.5%. Equipment revenue declined 2.5%. Supplies revenue declined 1.8%. Annuity revenue grew 4.6%.</td>
<td></td>
<td>▶ 10.7% growth in total revenue across FXA.*</td>
</tr>
<tr>
<td><strong>Quality and innovation: investing in the continuous improvement of our products, services and internal business processes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▶ Drive product and service innovations to create new market opportunities in integrated document services.</td>
<td>▶ Initiate research on semantics and sustainability reporting.</td>
<td>▶ Research has been scoped and milestones agreed.</td>
<td></td>
<td>▶ Review our sustainability indicators with a view to producing a semantic enabled sustainability report.</td>
</tr>
<tr>
<td>▶ Simplify business processes and provide the tools and information to enable the business to work more effectively.</td>
<td>▶ Complete management quality report.</td>
<td>▶ This report to the parent company has been completed — quarterly updates on progress in specific areas are now regularly provided.</td>
<td></td>
<td>▶ Cross-divisional ‘Innovation Connexion’ will develop a structured program for stimulating innovation internally.</td>
</tr>
<tr>
<td></td>
<td>▶ Identify a problem solving methodology and roll-out to divisions.</td>
<td>▶ Alternatives have been explored but a solution has not been identified.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Corporate governance and compliance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Embedding sustainability: integrating sustainability across the business</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▶ Integrate sustainability more formally into governance, planning and management frameworks.</td>
<td>▶ Align risk management approach with materiality process and refine both.</td>
<td>▶ Our work on risk management has not progressed due to other priorities taking precedence.</td>
<td></td>
<td>▶ Identify an appropriate risk management framework and work to align the corporate risk and materiality registers.</td>
</tr>
<tr>
<td>▶ Progressively establish sustainability accountabilities and/or priorities in existing roles as determined by business planning process.</td>
<td>▶ Formally establish appropriate objectives under each area of accountability in the Integrated Sales and Marketing Division (ISMD) business planning process as a pilot for other divisions to follow.</td>
<td>▶ The ISMD pilot has been superseded by a broader business planning review, which will help us align divisional strategies to meet our 2015 mission.</td>
<td></td>
<td>▶ Continue to improve the business planning process and use the planning cycle to identify sustainability priorities and resource programs across divisions with assigned accountabilities.</td>
</tr>
<tr>
<td></td>
<td>▶ Review stakeholder engagement framework.</td>
<td>▶ Our stakeholder engagement framework has been reviewed and now maps our range of engagement mechanisms from those that simply inform stakeholders to those that empower (see ‘foreword’).</td>
<td></td>
<td>▶ Work with divisions so that the stakeholder engagement framework can create value for their initiatives.</td>
</tr>
</tbody>
</table>

* Based on improved market conditions.
This table is a work in progress. It reflects that we are on a progressive journey to embed sustainability undertaken work to develop targets and key performance indicators for every area of accountability. Summary sustainability performance management, measurement and reporting across the organisation.

<table>
<thead>
<tr>
<th>Direction 09/10 objectives</th>
<th>How did we do?</th>
<th>Progress 10/11 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business performance: meeting revenue targets and achieving business results</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Values, ethics and legal compliance: conducting our business responsibly and beyond compliance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Embedding sustainability: integrating sustainability across the business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate governance and compliance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality and innovation: investing in the continuous improvement of our products, services and internal business processes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Values, ethics and legal compliance: conducting our business responsibly and beyond compliance

- Continue the champion program and resource programs for improvement in line with sustainability objectives.
- The continuation of the sustainability champion program was deferred with a view to establishing sustainability accountabilities across divisions as part of our business planning process. The community champion network has successfully increased levels of engagement in community initiatives by establishing a network of individuals to coordinate activity (see ‘influencing sustainability outcomes’).
- Continue participation in the global CSR working group and work through Fuji Xerox leadership to further embed sustainability and increase collaboration across the Fuji Xerox group.

- Educate employees so that ethical and legal breaches are minimised through the development and communication of a Code of Conduct.
- Live our values in our business.
- Educate employees so that ethical and legal breaches are minimised through the development and communication of a Code of Conduct.
- Live our values in our business.
- Launch a new Code of Conduct to better instil values and ethics.
- The Code of Conduct launch was delayed due to the need to first communicate and embed a new vision and mission for the business. The new code will be reframed in light of this new direction. Our current policies in this area remained relevant throughout 09/10.
- Launch a new Code of Conduct to better instil values and ethics.
- Establish and communicate procedure for monitoring and reporting breaches of code.
- Formalise a register of breaches against code.
- Work to develop a procedure and register for breaches has not yet commenced.
- Establish and communicate procedure for monitoring and reporting breaches of code.
- Formalise a register of breaches against code.
- Review whistleblower policy and improve access to and visibility of whistleblower mechanism.
- A review took place of our own policy and practice along with 3rd party benchmarking.
- Improvements in access to whistleblower mechanism were deferred to a broader web review.
- Review whistleblower policy and improve access to and visibility of whistleblower mechanism.
- A review took place of our own policy and practice along with 3rd party benchmarking.
- Improvements in access to whistleblower mechanism were deferred to a broader web review.
- Increase and tailor legal compliance course content and re-introduce targeted face-to-face training for specific needs. Commence a third round of legal compliance training.
- The development of new, company tailored legal training was commenced but not completed.
- Business priorities meant that our third round of legal compliance training did not take place as planned.
- Increase and tailor legal compliance course content and re-introduce targeted face-to-face training for specific needs. Commence a third round of legal compliance training.
- The development of new, company tailored legal training was commenced but not completed.
- Business priorities meant that our third round of legal compliance training did not take place as planned.
- Revise all relevant HR policies and procedures to ensure appropriate links to values.
- Updating of HR policies and procedures has been completed.
- Revise all relevant HR policies and procedures to ensure appropriate links to values.
- Updating of HR policies and procedures has been completed.
- Measure alignment with values during employee performance management reviews.
- Values assessment is now part of all employees’ performance reviews.
- Measure alignment with values during employee performance management reviews.
- Values assessment is now part of all employees’ performance reviews.
## Summary sustainability performance

### Direction 09/10 objectives

<table>
<thead>
<tr>
<th>Activity</th>
<th>How did we do?</th>
<th>Progress 10/11 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶ Formally listen and respond to the voice of customer (VOC) in all segments.</td>
<td>CSAS was reviewed and recommendations for change are in the process of being adopted.</td>
<td>▶ Implement new customer satisfaction assurance system.</td>
</tr>
<tr>
<td>▶ Improve systems and processes for measuring and managing the customer experience.</td>
<td>▶ A new format customer satisfaction meeting was developed.</td>
<td>▶ Launch new customer satisfaction meeting format with revised KPIs.</td>
</tr>
<tr>
<td>▶ Improve customer loyalty and advocacy in all market segments so that we become a partner of choice.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Decentralise customer satisfaction management, measurement and reporting giving increased ownership to the core business.</td>
</tr>
<tr>
<td>▶ Work with services customers to ensure environmental impacts are consistent with responsible paper sourcing.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Meet office and production customer satisfaction targets.</td>
</tr>
<tr>
<td>▶ Improve systems and processes for measuring and managing the customer experience.</td>
<td>▶ Review customer survey methodologies and office and production customer satisfaction and net promoter score targets.</td>
<td>▶ Continue to use net promoter score loyalty indicator for office and production customers.</td>
</tr>
<tr>
<td>▶ Provide a closed loop dialogue with production customers regarding high-level survey outcomes, trends and action plans for improvement.</td>
<td>▶ Review customer survey methodologies and office and production customer satisfaction and net promoter score targets.</td>
<td>▶ Meet Office Services, Design Services, Mail Services and Print Services targets.</td>
</tr>
<tr>
<td>▶ Improve systems and processes for measuring and managing the customer experience.</td>
<td>▶ CSAS was reviewed and recommendations for change are in the process of being adopted.</td>
<td>▶ Conduct a cross-divisional review of customer satisfaction targets to ensure they are meaningful and consistently aligned.</td>
</tr>
<tr>
<td>▶ Improve customer loyalty and advocacy in all market segments so that we become a partner of choice.</td>
<td>▶ A new format customer satisfaction meeting was developed.</td>
<td>▶ Achieve a competitive benchmarking score of 85%.</td>
</tr>
</tbody>
</table>

## Improving customer experience

### Managing and measuring the customer experience: listening and responding to our customers’ feedback

<table>
<thead>
<tr>
<th>Direction 09/10 objectives</th>
<th>How did we do?</th>
<th>Progress 10/11 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶ Formally listen and respond to the voice of customer (VOC) in all segments.</td>
<td>CSAS was reviewed and recommendations for change are in the process of being adopted.</td>
<td>▶ Implement new customer satisfaction assurance system.</td>
</tr>
<tr>
<td>▶ Improve systems and processes for measuring and managing the customer experience.</td>
<td>▶ A new format customer satisfaction meeting was developed.</td>
<td>▶ Launch new customer satisfaction meeting format with revised KPIs.</td>
</tr>
<tr>
<td>▶ Improve customer loyalty and advocacy in all market segments so that we become a partner of choice.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Decentralise customer satisfaction management, measurement and reporting giving increased ownership to the core business.</td>
</tr>
<tr>
<td>▶ Work with services customers to ensure environmental impacts are consistent with responsible paper sourcing.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Meet office and production customer satisfaction targets.</td>
</tr>
<tr>
<td>▶ Improve systems and processes for measuring and managing the customer experience.</td>
<td>▶ Review customer survey methodologies and office and production customer satisfaction and net promoter score targets.</td>
<td>▶ Continue to use net promoter score loyalty indicator for office and production customers.</td>
</tr>
<tr>
<td>▶ Improve customer loyalty and advocacy in all market segments so that we become a partner of choice.</td>
<td>▶ Review customer survey methodologies and office and production customer satisfaction and net promoter score targets.</td>
<td>▶ Meet Office Services, Design Services, Mail Services and Print Services targets.</td>
</tr>
<tr>
<td>▶ Provide a closed loop dialogue with production customers regarding high-level survey outcomes, trends and action plans for improvement.</td>
<td>▶ Review customer survey methodologies and office and production customer satisfaction and net promoter score targets.</td>
<td>▶ Conduct a cross-divisional review of customer satisfaction targets to ensure they are meaningful and consistently aligned.</td>
</tr>
<tr>
<td>▶ Improve systems and processes for measuring and managing the customer experience.</td>
<td>▶ Review customer survey methodologies and office and production customer satisfaction and net promoter score targets.</td>
<td>▶ Achieve a competitive benchmarking score of 85%.</td>
</tr>
<tr>
<td>▶ Improve customer loyalty and advocacy in all market segments so that we become a partner of choice.</td>
<td>▶ Review customer survey methodologies and office and production customer satisfaction and net promoter score targets.</td>
<td>▶ Launch new customer satisfaction meeting format with revised KPIs.</td>
</tr>
<tr>
<td>▶ Work with services customers to ensure environmental impacts are consistent with responsible paper sourcing.</td>
<td>▶ Review customer survey methodologies and office and production customer satisfaction and net promoter score targets.</td>
<td>▶ Decentralise customer satisfaction management, measurement and reporting giving increased ownership to the core business.</td>
</tr>
<tr>
<td>▶ Improve systems and processes for measuring and managing the customer experience.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Meet office and production customer satisfaction targets.</td>
</tr>
<tr>
<td>▶ Improve customer loyalty and advocacy in all market segments so that we become a partner of choice.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Continue to use net promoter score loyalty indicator for office and production customers.</td>
</tr>
<tr>
<td>▶ Work with services customers to ensure environmental impacts are consistent with responsible paper sourcing.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Meet Office Services, Design Services, Mail Services and Print Services targets.</td>
</tr>
<tr>
<td>▶ Improve systems and processes for measuring and managing the customer experience.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Conduct a cross-divisional review of customer satisfaction targets to ensure they are meaningful and consistently aligned.</td>
</tr>
<tr>
<td>▶ Improve customer loyalty and advocacy in all market segments so that we become a partner of choice.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Achieve a competitive benchmarking score of 85%.</td>
</tr>
</tbody>
</table>

### Achieving high satisfaction scores

<table>
<thead>
<tr>
<th>Direction 09/10 objectives</th>
<th>How did we do?</th>
<th>Progress 10/11 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶ Formally listen and respond to the voice of customer (VOC) in all segments.</td>
<td>CSAS was reviewed and recommendations for change are in the process of being adopted.</td>
<td>▶ Implement new customer satisfaction assurance system.</td>
</tr>
<tr>
<td>▶ Improve systems and processes for measuring and managing the customer experience.</td>
<td>▶ A new format customer satisfaction meeting was developed.</td>
<td>▶ Launch new customer satisfaction meeting format with revised KPIs.</td>
</tr>
<tr>
<td>▶ Improve customer loyalty and advocacy in all market segments so that we become a partner of choice.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Decentralise customer satisfaction management, measurement and reporting giving increased ownership to the core business.</td>
</tr>
<tr>
<td>▶ Work with services customers to ensure environmental impacts are consistent with responsible paper sourcing.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Meet office and production customer satisfaction targets.</td>
</tr>
<tr>
<td>▶ Improve systems and processes for measuring and managing the customer experience.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Continue to use net promoter score loyalty indicator for office and production customers.</td>
</tr>
<tr>
<td>▶ Improve customer loyalty and advocacy in all market segments so that we become a partner of choice.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Meet Office Services, Design Services, Mail Services and Print Services targets.</td>
</tr>
<tr>
<td>▶ Provide a closed loop dialogue with production customers regarding high-level survey outcomes, trends and action plans for improvement.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Conduct a cross-divisional review of customer satisfaction targets to ensure they are meaningful and consistently aligned.</td>
</tr>
<tr>
<td>▶ Improve systems and processes for measuring and managing the customer experience.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Achieve a competitive benchmarking score of 85%.</td>
</tr>
<tr>
<td>▶ Improve customer loyalty and advocacy in all market segments so that we become a partner of choice.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Implement new customer satisfaction assurance system.</td>
</tr>
<tr>
<td>▶ Work with services customers to ensure environmental impacts are consistent with responsible paper sourcing.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Launch new customer satisfaction meeting format with revised KPIs.</td>
</tr>
<tr>
<td>▶ Improve systems and processes for measuring and managing the customer experience.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Decentralise customer satisfaction management, measurement and reporting giving increased ownership to the core business.</td>
</tr>
<tr>
<td>▶ Improve customer loyalty and advocacy in all market segments so that we become a partner of choice.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Meet office and production customer satisfaction targets.</td>
</tr>
<tr>
<td>▶ Provide a closed loop dialogue with production customers regarding high-level survey outcomes, trends and action plans for improvement.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Continue to use net promoter score loyalty indicator for office and production customers.</td>
</tr>
<tr>
<td>▶ Improve systems and processes for measuring and managing the customer experience.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Meet Office Services, Design Services, Mail Services and Print Services targets.</td>
</tr>
<tr>
<td>▶ Improve customer loyalty and advocacy in all market segments so that we become a partner of choice.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Conduct a cross-divisional review of customer satisfaction targets to ensure they are meaningful and consistently aligned.</td>
</tr>
<tr>
<td>▶ Work with services customers to ensure environmental impacts are consistent with responsible paper sourcing.</td>
<td>▶ Review customer survey methodologies and targets.</td>
<td>▶ Achieve a competitive benchmarking score of 85%.</td>
</tr>
</tbody>
</table>
### Customer support: helping our customers maintain the productivity of their equipment

<table>
<thead>
<tr>
<th>Activity</th>
<th>Met</th>
<th>In progress</th>
<th>Not met</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide a consistently excellent and efficient customer support experience.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease customer maintenance hours per million prints to 21.9 (office) and 15.7 (production).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The office target of 21.9 customer maintenance hours per million prints target was bettered, with a reduction from 23 hours in 08/09 to 20.5 hours in 09/10.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The production target of 15.7 customer maintenance hours per million prints was missed, with an increase from 16.2 hours in 08/09 to 18.3 hours in 09/10.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase proportion of customer issues resolved without a site visit to 54.7% .</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportion of issues resolved without a site visit decreased by 0.7% to 52% .</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease customer maintenance hours per million prints to 19.3 (office) and 15.7 (production).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase proportion of customer issues resolved without a site visit to 53% .</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review appropriateness of ‘maintenance hours per million prints’ target.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Helping customers become more sustainable: providing our customers with products, services and resources to enable sustainability

<table>
<thead>
<tr>
<th>Activity</th>
<th>Met</th>
<th>In progress</th>
<th>Not met</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demonstrate to office customers how our solution can achieve energy and print efficiency and reduce electronic waste.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide production customers with resources to ensure the long term sustainability of their businesses.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work with services customers to ensure environmental impacts are reduced in document intensive business processes.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide supplies customers with responsibly sourced paper and act as a trusted advisor to clients on responsible paper sourcing.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implement ‘Paper Facts’ campaign with supplies customers.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The ‘paper facts’ campaign was successfully launched and has been well received.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop ‘relevant, responsible effective’ campaign for production customers.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>‘Relevant, responsible effective’ resources were developed.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Achieve Forest Stewardship Council (FSC) chain of custody certification for our print brokers so that their customers can promote FSC certified print jobs.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Achieved FSC chain of custody certification for our print brokers.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop initiatives and resources to address more detailed questions regarding carbon footprints of papers.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Launch ‘relevant, responsible effective’ campaign with customers and sales.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work with Global Services on foot printing of document intensive business processes.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work with Global Services to embed environmental management practices into their operational frameworks for customer service centres.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### End-of-life resource recovery: mitigating the environmental impact of our products at end-of-life

<table>
<thead>
<tr>
<th>Activity</th>
<th>Met</th>
<th>In progress</th>
<th>Not met</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimize business and environmental outcomes from end-of-life resource recovery.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>217,000 parts remanufactured and 50 new remanufacture programs.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>198,300 parts were remanufactured and 48 new remanufacture programs were developed.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identify and implement more cost and carbon efficient means of transporting end-of-life products back to our facilities.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Modal shift from road to rail has been implemented for end-of-life parts and consumables being returned from Victoria to the Eco Manufacturing Centre in Sydney.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implement more robust product return measurement systems.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our work to implement product return measurement systems has been slowed by lack of resources.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seek improvements in the processing of our Basel Permit.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The processing of our Basel Permit has been improved with the introduction of an application tracking mechanism by our parent company, intended to expedite approvals.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secure additional resources to review end-of-life product return, recycling and remanufacturing systems and explore local end-of-life recycling options.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare for emerging e-waste regulatory requirements.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare for Eco Manufacturing Centre relocation to Green Star facility.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>232,500 parts remanufactured and 50 new remanufacture programs.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$5.9 million local benefit through costs saved.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

13
# Summary sustainability performance

## Providing customers with a responsible solution (continued)

### Responsible paper procurement: providing our customers with sustainable paper options

<table>
<thead>
<tr>
<th>Direction</th>
<th>09/10 objectives</th>
<th>How did we do?</th>
<th>Progress 10/11 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source both recycled and virgin paper from certified sources.</td>
<td>▶ Secure 100% paper supplier compliance with minimum standards in 09/10 and ask for improvements in the management of issues of primary stakeholder concern.</td>
<td>▶ Due to staff transition, the 09/10 assessment of compliance was not conducted until two months after the close of the year under review. Nonetheless stakeholder concerns have been regularly monitored and raised with paper suppliers.</td>
<td>▶ Develop and deliver detailed ‘paper facts’ sales training and provide ongoing updates on emerging environmental issues.</td>
</tr>
<tr>
<td>Assess paper suppliers’ sustainability credentials and establish a path for continuous improvement.</td>
<td>▶ Conduct internal briefings on ‘The Paper Facts’ and develop marketing resources to establish a consistent corporate position on paper and the environment.</td>
<td>▶ A microsite with supporting white paper and brochure has been developed and these materials were shared with all employees.</td>
<td>▶ Improve the administration of our assessment of compliance and establish a process for dealing with non-compliance.</td>
</tr>
<tr>
<td>Develop resources and implement communication strategies so that we can act as a trusted advisor to clients on responsible paper sourcing.</td>
<td>▶ Integrate stakeholder feedback into sustainability standards and assess compliance at the close of every financial year.</td>
<td>▶ Stakeholder feedback has been incorporated into our standards and they have been published.</td>
<td>▶ Secure 100% paper supplier compliance with minimum standards and ask for improvements in the management of issues of primary stakeholder concern.</td>
</tr>
<tr>
<td>Review paper procurement process and integrate new sustainability standards with other business requirements.</td>
<td>▶ Review paper procurement process and integrate new sustainability standards with other business requirements.</td>
<td>▶ This exercise was deferred until 10/11 due to staff transition.</td>
<td>▶ Report on the 10/11 assessment of compliance and establish a process for disclosing to stakeholders how we perform against the commitments made in our paper sourcing standards.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>▶ Review the broader paper procurement process and identify when the assessment of compliance should occur and how it should be integrated with regular procurement activity.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>▶ Out of total paper sales 85% to be FSC / PEFC certified or recycled stocks.</td>
</tr>
</tbody>
</table>

### Employee engagement

#### Employee engagement: listening and responding to our employees’ feedback

<table>
<thead>
<tr>
<th>Direction</th>
<th>09/10 objectives</th>
<th>How did we do?</th>
<th>Progress 10/11 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Be an employer of choice by 2015.</td>
<td>▶ Target 5% improvement in engagement levels in 09/10.</td>
<td>▶ Overall engagement levels decreased from 59% to 55%.</td>
<td>▶ Target improvement in overall engagement to 60%.</td>
</tr>
<tr>
<td>Improve levels of employee engagement in line with Hewitt’s best employer’s score.</td>
<td>▶ Run employee engagement focus groups and prepare action plans to address issues arising.</td>
<td>▶ Completed engagement focus groups and prepared action plans to address issues.</td>
<td>▶ Run employee engagement focus groups and prepare action plans to address issues arising.</td>
</tr>
</tbody>
</table>

### Organisational development: enabling our organisation for ongoing success

<table>
<thead>
<tr>
<th>Direction</th>
<th>09/10 objectives</th>
<th>How did we do?</th>
<th>Progress 10/11 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition to culture of manager-led development.</td>
<td>▶ Continue management training program.</td>
<td>▶ Management training program delivered 7 times to 91 people in 09/10.</td>
<td>▶ Define management capability required to achieve our 2015 vision.</td>
</tr>
</tbody>
</table>
Drive employee performance in line with business values and objectives.

Extend ‘sales manager as coach’ program to other divisional managers.

36 managers from other divisions have attended coaching for performance program.

Identify and fill gaps through targeted development, talent management and acquisition.

Roll coaching for capability development program out to sales managers (level 2).

Implement optimal organisation design to deliver business performance improvements.

Continue to refine and improve the HR capability, structure, systems and processes.

### Occupational health and safety: providing a safe work environment for our employees

- **Embed a safety culture.**
  - Establish a cross-divisional OHS steering committee to develop an OHS strategy and to recommend the investments required in systems and resources to deliver that strategy.
  - A cross functional OHS steering committee was established to draft and review a framework for a corporate OHS strategy. One of the first and foremost recommendations of this group was to increase resources and realign responsibilities for our overall OHS program.
  - Recruit a national OHS specialist to work with our executive team and the OHS Steering Committee in developing strategies to embed a safety culture in the business.

- **Implement benchmark systems, processes and tools so that OHS risks and associated injuries are addressed.**
  - Improve systems supporting incident and injury reporting and implement a robust reporting process and data capture system.
  - A database has been developed to assist in the analysis of injuries, incidents and claims. Separately we have brought our claims process back in-house for better control, responsiveness and visibility.
  - Create and implement benchmark rehabilitation and injury management systems and processes.
  - Identification and elimination of unacceptable risks in the workplace through further development and operational deployment of the new incident and injury database. In addition to LTIFR reporting, the final phases will allow for causal analysis and identification of high risk areas.

- **Provide an OHS risk assessment framework.**
  - Establish a lost time injury frequency rate (LTIFR).
  - In 09/10 we had 27 work-related lost time injuries. Our LTIFR was 8.7.
  - Establish a cross-divisional OHS steering committee in addition to LTIFR reporting, the final phases will allow for causal analysis and identification of high risk areas.
  - Identify and elimination of unacceptable risks in the workplace through further development and operational deployment of the new incident and injury database. In addition to LTIFR reporting, the final phases will allow for causal analysis and identification of high risk areas.

- **Improve the processes for managing risks in the workplace by increasing the number of OHS site committees, conducting audits and ensuring OHS is on the agenda of site management review meetings.**
  - Improve the processes for managing risks in the workplace by increasing the number of OHS site committees, conducting audits and ensuring OHS is on the agenda of site management review meetings.
  - Twelve OHS committees are active with another two to be established in 10/11; the remaining six sites all have OHS representatives. There were 41 workplace inspections. Our new health and safety manager will improve how OHS is addressed during site management meetings.
  - We are targeting a minimum 10% improvement in LTIFR for 10/11 and will benchmark our performance against other similar operations.

- **Conduct refresher awareness courses on manual handling techniques and forklift safety for all warehouse staff.**
  - Conduct refresher awareness courses on manual handling techniques and forklift safety for all warehouse staff.
  - 412 warehouse, engineer and services staff undertook ‘BackSafe’ training and 90 warehouse staff undertook forklift refresher training.
  - The development and implementation of an OHS risk assessment framework, including a more rigorous site audit program.

- **Review response to OHS risks with service engineers.**
  - Review response to OHS risks with service engineers.
  - While there is still a need to develop an overall risk assessment framework, in 09/10 we rolled out several training programs during the year specifically aimed at mitigating risks identified during 08/09. Significant work has commenced in Supply Chain Operations, especially in traffic management, in response to two serious forklift incidents this year.
  - Raise our people’s knowledge and awareness for safe work practices.
### Summary sustainability performance

**Influencing sustainability outcomes**

**Engaging business partners in sustainability: managing a sustainable supply chain**

- Work through the Xerox and Fuji Xerox Group to assure integrity of our product supply chain.
- Assess paper suppliers' sustainability credentials and establish a path for continuous improvement (see 'providing a responsible solution').
- Work with key suppliers to provide low-carbon products and services (see 'minimising environmental impact').
- Ensure environmental, social and governance standards are applied to indirect procurement.
- Share sustainability standards with our indirect sales network.
- Build a supplier database to monitor supplier performance metrics.
- Develop a risk-assessment framework to identify high risk suppliers that require specific environmental, social and governance metrics for improvement.
- Revise procurement policy and processes and integrate how we apply sustainability to the supply chain.
- Increase rigour of sustainability standards for dealers in 09/10 and build capability to improve performance.

**How did we do?**

- The supplier database was developed.
- A risk assessment framework for suppliers was developed and integrated into the supplier database. However there is limited functionality to assess, record and monitor sustainability risk, which will require further enhancements.
- Procurement policies and processes have been reviewed.
- Dealer sustainability standards were revised. Of the 24 dealerships that applied to participate only 12 fully completed the requirements of the program.
- Resources were assigned to build dealer sustainability capability and webinars were conducted approximately every quarter.

**Progress 10/11 objectives**

- Continue updating supplier information in our new supplier relationship management database.
- Develop two-way engagement mechanisms with suppliers so that we can learn from feedback on our relationships with them.
- Develop a more rigorous approach to sustainability risk assessment with suppliers.
- Embed new procurement policy and processes by mentoring staff through significant procurement events.
- Develop three-tiered dealer sustainability program, making end of life product recycling mandatory and allowing leaders to be recognised.

**Staff engagement in community programs: providing opportunities for our employees to contribute in local communities**

- Increase staff participation in WorkPlace Giving.
- Increase number of volunteer opportunities available to staff within working hours.
- Improve internal communications and staff awareness of community programs.
- Achieve 14% participation in WorkPlace Giving.
- Conduct ten ‘Corporate Connects’ and ten ‘Seeing is Believing’ volunteer events with United Way.
- Expand Australian Business and Community Network (ABCN) activity.
- Expand Community Service Awards to include access to community service leave.

**How did we do?**

- Staff participation in WorkPlace Giving decreased from 9% to 8.2%.
- Conducted 16 Corporate Connect and four Seeing is Believing volunteer events with United Way.
- ABCN activity expanded in every state.
- Community Service Awards were expanded to include access to community service leave.

**Progress 10/11 objectives**

- Pilot United Way community impact model.
- Partner with two to three education charities under United Way auspices.
- Launch New Hire Giving Program.
- Review resourcing of community program management.
- Review donation policy for disaster relief and ad hoc requests.
- Continue to expand ABCN activity.

**Minimising environmental impact**

**Environmental strategy and management: minimising the environmental impact of our business**

- Maintain ISO 14001 certification.
- Prepare all three new sites for ISO 14001 certification in 10/11.
- Three sites have undergone initial environmental review, prepared for and passed internal audits to ensure compliance with ISO 14001.
- All sites ISO 14001 certified in 10/11.
- 10/11 relocations and refurbishments are aligned with 4-star Green Star standard.
Reinvigorate environmental targets and re-engage staff in environmental programs.
Run business operations with resource efficiency.

- Develop and launch new EMS staff training
- Document corporate EMS training procedure.
- Develop and launch an improved EMS accounting system that captures new measurement areas.
- Cascade an integrated set of EMS, OHS and QMS accountabilities and capabilities into appropriate position descriptions.

The online EMS training module has been successfully implemented with mixed levels of participation.
An EMS training procedure has been drafted.
An environmental intelligence system was introduced. Implementation will be complete in 10/11 with improved data capture and reporting accuracy.
Position description addendums have been developed and the cascade of EMS accountabilities to site manager and EMS coordinators has begun.

**Carbon management: measuring and reducing our carbon emissions across the business**

- Improve cost and carbon efficiency of business operations.
- Work with key suppliers to provide low-carbon products and services.
- Provide customers with low-carbon solutions and enable cost and carbon efficiency (see section 5).

- Reduce carbon emissions by 1% on 08/09 levels.
- Reduce carbon emissions from employees’ air travel by 10% on 08/09 levels.
- Review commitment to procure 100% GreenPower.
- Reduce carbon emissions from logistics suppliers 10% on 08/09 levels.
- Implement more robust carbon data capture systems with logistics suppliers.

1% decrease in scope 1 and 2 carbon emissions.
Reduced carbon emissions from employees’ air travel by 42%.
Procured 50% GreenPower and established a Carbon Reduction Fund for energy efficiency projects.
Carbon emissions from logistics suppliers increased 20% on 08/09 levels.
Supply Chain Operations has developed a methodology for estimating carbon emissions from domestic logistics suppliers and built a database to record product weights, distances travelled and fuel type.

**Waste management: measuring and reducing our waste to landfill across the business**

- Work towards zero waste to landfill from our manufacturing and business operations.
- Continually identify problem waste streams and develop strategies to address these.

- Achieve 1% reduction in waste to landfill.
- Implement a solution for non-recyclable pallets.
- Appoint new waste management provider.

Waste sent to landfill decreased by 19% on 08/09 levels.
A pallet-recycling provider has been identified for chemically treated pallets and a trial is underway in NSW.
National waste management has been tendered and a provider has been identified.

Achieve 1% reduction in waste to landfill.
Transition to SIMS-Veolia waste management will occur for the majority of sites in 10/11.

**Paper use management: measuring and reducing our paper use across the business**

- Reduce paper use.
- Encourage recycled paper and certified paper use.
- Increase the proportion of recycled paper use in our business to 60%.

Reduce paper use by 1% on 08/09 levels.
Paper use decreased by 15%.
Our proportion of recycled paper used internally remained the same at 47% of total use.

Measure and report on FSC and PEFC paper use internally.
Establish cost centres for internal paper use only.
Review internal paper use policy.

**Water management: measuring and reducing our water use across the business**

- Reduce water use by fixing leaks and by upgrading facilities.
- Reduce total water use.

Reduce water use by an estimated 25%.
Reduce water use.
Improve accuracy of average water use per employee figure.

Prioritise energy efficiency project from audits.
Promote key EMS campaign 3 steps to Sustainability on Site at all locations.
Cascade ‘Sustainability on Site’ to nominated service centres on customer site.
Finalise draft EMS training procedure.
Complete cascade of EMS accountabilities to nominated positions.
Business performance

What is in this section?

- Message from our General Manager, Business Services
- Corporate profile
- Business performance
- Quality and innovation

Image by Andrew Scott, Fuji Xerox Australia, Adelaide

Message from our General Manager, Business Services

The year under review delivered relatively positive business results in a challenging environment, with a slow emergence out of a recession driven by the global financial crisis. The underlying financial strength of the company and robust annuity revenue streams saw us through a difficult period.

Total revenues of $792.4 million in 09/10 (1.6 percent growth on 08/09) reflect a solid performance for Fuji Xerox Australia in a tough economic climate. We have maintained our market leadership position in our key market segments. However the business continues to face significant challenges in maintaining and growing market share in an increasingly commoditised marketplace.

In response, we are learning to better orient ourselves around changing customer needs by innovating new solutions, expanding value propositions and developing appropriate sales and marketing strategies and capabilities. We are undertaking significant organisational development to support a new vision and mission that will take our business forward.

The establishment of a new vision and mission for Fuji Xerox Australia creates new strategic challenges and opportunities inside and outside our organisation. We will need to leverage our traditional strengths and innovate new solutions to be the leader in integrated document services. We will also need to innovate inside our own business so that we have the information and business infrastructure and systems to support the growth of our business. This will involve new technology investments and smart, strategic acquisitions to build the organisational capability required.

Internal support functions play a significant role in the achievement of our new vision and mission. We will seek to simplify business processes and provide the tools and information to enable the business to work more effectively.

In Business Services and Information Services, our strategies are to:

- develop as a centre of excellence for knowledge creation and management
- respond nimbly to the needs of the business
- develop and acquire the capabilities to be regarded as an enabler to the business.

In support of these strategies we have identified 15 priority projects with an emphasis on those that would deliver significant productivity benefits across the company. One of the key projects is a complete strategic review of Information Services (IS). This is nearing completion and will result in significant investment in technology systems, which is an important engagement driver for people.

In our organisation, we are committed to developing the capability to meet the changing needs of the business, which is clearly displayed in the addition of a new leadership position – General Manager, Information Services reporting to our managing director. This will provide Information Services with a place at the leadership table and ensure that business needs are translated into IS priorities.

Another key project is to invest in our financial planning and analysis capability to keep pace with the growing size and complexity of the business. Our goal is to develop greater capability in process improvement and decision support to complement the investment in IS resources, as we recognise the need to develop systems and processes that will deliver the full potential to the business.

Phil Barter
General Manager, Business Services and Chief Financial Officer
Our vision of integrated document services is to provide a complete set of information and communication services, which enable customers to create, produce, distribute, capture and manage information assets effectively while streamlining business processes.

Create
We create more effective documents and communications through creative design services and software.

Produce
We generate superior documents and provide information in the way that people need it – either paper based or digital. Our technology helps customers manage their paper production, share information online and deliver professionally produced material through office supplies.

Distribute
We support document distribution through traditional or digital mail services. Our technology can integrate online communications with multiple media and we provide software and services to enhance marketing campaigns.

Capture
We help our customers to capture information into their workflow or business processes. This can be done in a decentralised way through multifunction devices, in central processing areas or through online submissions.

Business processes
We link documents and information with business processes so that document intensive processes can be automated and streamlined.

Manage
We offer services to manage and improve document intensive business processes.

Corporate profile
Celebrating our fiftieth year of operation in Australia, Fuji Xerox leads the document technology market and aims to be the industry’s leading provider of integrated document services.

Our company offers a range of technology solutions and business services to meet our customers’ needs for the effective management of information, from creation through to production, distribution and capture. With knowledge and capabilities to design and implement document services for a variety of business needs across offices, print rooms, commercial printers and publishers, Fuji Xerox Australia has expertise in document management, digitising data, print, office supplies, software solutions and managed services. Our company, our management and staff are driven to create sustainable value for our stakeholders and this is reflected in our commitment to environmental responsibility and continuous improvement across all areas of our business.

Fuji Xerox Australia head office contact
101 Waterloo Road, Macquarie Park NSW 2113
Phone: 02 9856 5000 | Fax: 02 9856 5003
Website: www.fujixerox.com.au

Organisation structure

<table>
<thead>
<tr>
<th>Office Business</th>
<th>Production Services Business</th>
<th>Supplies</th>
<th>Global Services</th>
</tr>
</thead>
</table>

**Business performance**

**Direction**
- To be the leader in providing the Australian market with integrated document services.

<table>
<thead>
<tr>
<th>09/10 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% growth in total revenue across FXA.*</td>
<td>$792.4m revenue, a 1.6% increase on 08/09.</td>
</tr>
<tr>
<td>Global services revenue grew 3.5%.</td>
<td>Equipment revenue declined 2.5%.</td>
</tr>
<tr>
<td>Equipment revenue declined 2.5%.</td>
<td>Document supplies revenue declined 1.8%.</td>
</tr>
<tr>
<td>Annuity revenue grew 4.6%.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10/11 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.7% growth in total revenue across FXA.*</td>
</tr>
</tbody>
</table>

* Based on improved market conditions.

The year ending 31 March 2010 was characterised by the impacts of the global financial crisis and the slow emergence of the economy out of the crisis during the second half of the year.

The Fuji Xerox Group in Australia experienced 1.6 percent revenue growth against 08/09 during this period. While we failed to meet our stated objective of 5 percent revenue growth, the underlying financial strength of the company and robust annuity revenue streams saw us through a challenging period. One adverse consequence of the economic climate was an increase in bad debts by over 50 percent, predominantly in our graphic arts and small and medium enterprises (SME) customer bases. However continued careful management of costs ensured favourable product margins and resulted in a significant improvement in profitability.

The gradual increase in the value of the Australian dollar compared to the Japanese yen and United States dollar during the course of the year decreased the inter-company costs of products and therefore assisted product margins.

The group increased its total asset position by 10 percent to $1 billion, reflecting growth in finance receivables, although capital expenditures had been contained in response to prevailing economic conditions. Our robust balance sheet, conservative gearing and strong banking relationships ensured our ability to access the funds needed to continue to grow our business despite the global financial crisis.

With effect from 1 April 2010 we acquired a wide format business that predominantly services the engineering sector. This involved re-acquiring the distribution rights to Fuji Xerox technology previously managed through our dealer, Triangle Corporation. Since the close of the year under review we have also acquired Upstream Print Solutions, expanding our leadership position in the managed print services market.

Total revenues of $792.4 million in 09/10 reflect a solid performance for Fuji Xerox Australia in a tough economic climate. We have maintained our market leadership position in our key market segments.

However the business continues to face significant challenges in maintaining and growing market share in a highly price-sensitive marketplace. Increasing commoditisation of traditional product lines offered to customers, together with larger customers moving to a tendering process, has created a consequent pressure on profit margins.

In response, we are undertaking significant organisational development to support a new vision and mission that will take our business forward. We are learning to better orient ourselves around changing customer needs by innovating new solutions, expanding value propositions and developing appropriate sales and marketing strategies and capabilities.

Revenue from equipment sales declined marginally (2.5 percent) impacted by the worsening economic market conditions, especially in the first half of 09/10. While sales of black and white office units decreased by 14 percent, sales of office colour units increased by 4 percent. Sales of production colour units increased by 24 percent on the prior year mainly due to the successful launch of the new 700 Digital Color Press, a light production device.

Our equipment sales were supported by the positive impact of the investment allowance, a key government strategy to offset the impacts of the global financial crisis.
* Excludes commissions paid to our indirect sales channel. Includes payments made to employees of our Regional Support Centre and ANZ Hub (these employee payments are charged to our immediate parent company for accounting purposes).
Annuity revenues grew by 4.6 percent. This revenue stream is derived from our support services agreements. Its growth reflects the ongoing increase in both units of equipment in the field and in the number of impressions produced on that equipment and the continuing trend to colour. Around 13.6 billion prints were produced on our equipment representing a 0.8 percent increase over the prior year, with production of black and white volumes falling 5 percent year on year and colour prints showing growth of 15 percent. This is a very positive trend for our business as colour printing creates more profitable annuity revenue streams.

Revenues of our Supplies division, impacted by the slower economic conditions fell 1.8 percent, whilst margin improved by 3.6 percent aided by the strengthening of the Australian dollar. The percentage of business transacted through the division’s dedicated website increased to 66 percent.

Global Services experienced a modest rate of growth given the prevailing conditions, with services-based revenue increasing by 3.5 percent. This increase was achieved through organic growth despite heavy dependence on financial services customers.

In this sector we experienced lower activity on existing contracts and delays in customer decision-making processes, which resulted in less new business than anticipated.
Quality and innovation

Direction

- Drive product and service innovations to create new market opportunities in integrated document services.
- Re-invigorate quality and focus on our core value of continuous improvement.
- Simplify business processes and provide the tools and information to enable the business to work more effectively.

09/10 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiate research on semantics and sustainability reporting.</td>
</tr>
<tr>
<td>Maintain ISO 9001 certification.</td>
</tr>
<tr>
<td>Complete management quality report.</td>
</tr>
<tr>
<td>Identify a problem-solving methodology and roll out to divisions.</td>
</tr>
<tr>
<td>Research has been scoped and milestones agreed.</td>
</tr>
<tr>
<td>Maintained ISO 9001 certification.</td>
</tr>
<tr>
<td>This report to the parent company has been completed – quarterly updates on progress in specific areas are now regularly provided.</td>
</tr>
<tr>
<td>Alternatives have been explored but a solution has not been identified.</td>
</tr>
</tbody>
</table>

10/11 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review our sustainability indicators with a view to producing a semantic enabled sustainability report.</td>
</tr>
<tr>
<td>Complete Information Services strategy review.</td>
</tr>
<tr>
<td>Cross-divisional ‘Innovation Connexion’ will develop a structured program for stimulating innovation internally.</td>
</tr>
</tbody>
</table>

Product and service innovations

With knowledge key to an organisation’s success, Fuji Xerox Australia offers a range of innovative solutions to help our customers manage the efficient flow of information, while reducing costs and overhead expenses.

Our comprehensive array of technology solutions addresses needs from the office through to graphic arts and production print environments. Included in this are multifunction devices that can print, scan, copy and fax; document management software; digital full-colour printing presses; a range of paper and supplies as well as specialised managed document services.

Innovation keeps us at the forefront of our industry. Together the Xerox and Fuji Xerox Groups invested in excess of US$1.7 billion in research, development and engineering in 09/10. Eleven research centres span Japan, North America and Europe, including the renowned Xerox Palo Alto Research Centre (PARC).

Fuji Xerox also has four epicenter™ facilities in Sydney, Shanghai, Singapore and Tokyo, which focus on collaborative discovery with our customers and industry. Research themes span reinventing technology and systems, rethinking how people work and redefining the document. To strengthen the relevance of all research, there is an explicit focus on what is called ‘customer-led innovation’. This applies especially to Fuji Xerox Australia.

As a member of the Fuji Xerox and Xerox world globally, our innovation challenge is less to do with transformative technologies and more to do with implementing tailored solutions within customer environments that solve a specific business problem.

Product innovation

Innovation shapes the market in which we operate. In the office services sector, printer, scanner and copier technologies have been increasingly merging over recent years, providing more sophisticated software applications, and creating a new market for document services. As the emphasis shifts away from technology on the print engine (‘feeds and speeds’),

Investment in innovation sets us apart

The March 2010 opening of Fuji Xerox’s R&D Square in Yokohama City, Japan, marked a new chapter in the company’s research and development history. The facility, which will centralise Fuji Xerox solutions research teams, aims to create new value for customers by enabling collaborative innovation.

The centre will provide a space for identifying customer business challenges, reproducing and studying their print environments, developing innovative solutions and evaluating the effectiveness and marketability of proposed solutions. The new centre will strengthen ties between our customers and Fuji Xerox innovation, ultimately leading to shortened product development lead-time.

The Fuji Xerox R&D Square is also an environmentally innovative building, built with energy efficient lighting, heating and cooling systems and smart building technology. Outside, the centre is surrounded by native Japanese gardens, specifically planted to mitigate urban heat, and public recreation spaces including an art collection.
University of New South Wales (UNSW) sets a new benchmark

UNSW chose to partner with Fuji Xerox to outsource the delivery of its combined print and mail services. The solution was delivered in two stages. Firstly, UNSW’s geographically-dispersed print services were consolidated into a new, purpose-built space aligned to the 4 Green Star Rating. Secondly, to improve the student learning experience at UNSW, a student print centre opened featuring leading-edge self-service printing kiosks and online submission of print jobs.

‘UNSW, in partnership with Fuji Xerox Global Services, has introduced some great initiatives and business service improvements. We’re now able to offer a much more competitive, high quality digital print service and turnaround jobs more quickly. As a result, we’ve got more satisfied staff and students, not to mention the huge cost benefits. We’ll continue working with Fuji Xerox Global Services to introduce the latest technologies, processes, and systems to drive continuous improvement to reduce our costs and improve quality.’

Jenny Denman
Deputy Director, Facilities Management, UNSW

Innovation in account services

In 09/10 we officially launched our accounts services offering. Part of our Business Process Outsourcing portfolio, accounts services will continue to evolve in 10/11 with the formalisation of accounts receivable services, building on the features of the already released accounts payable service.

Our account services are hosted in facilities in Sydney, Melbourne and Perth as well as in numerous onsite client locations. Across these locations we have standardised our technology platforms, process management and organisational structure and aligned to best practice.

Our customers benefit from lower implementation and transition costs and gain access to global Fuji Xerox innovations.

Anthony Cogswell
General Manager, Global Services

this drives innovation around document processing workflow (scanning, storage, retrieval etc).

Innovation in the office market has been a continued focus throughout 09/10. The success of the locally developed Image Gateway product has led to significant expansion and investment in this area of the business.

Image Gateway enables our customers to use the investment they make in traditional multifunction device fleets to drive cost reductions and process improvements in other areas of their businesses. Client demand for these configurable solutions has led to growth in local development resources, the establishment of a professional services team within the office innovation structure and a doubling of the solution sales specialist team.

Office innovation centres on technology that facilitates the transition of hard copy documents into data and back again. This means data can easily be exchanged between systems, providing a range of benefits including faster, more efficient processing, reducing costs and aiding better decision making.

Image Gateway technology is complemented by a range of partner solutions that provide best-of-breed capability around workflow, distribution, archiving, and forms processing and production.

Internal business process innovation

Our approach is to apply innovation to our own internal business processes, which support both our people and our customers. If we can build systems and develop procedures that help our own people to be effective then our customers will also benefit. Our goal is to simplify business processes and provide the tools and information to enable the business to work more effectively. We also apply ISO 9001 quality principles to our business operations, which is in line with our commitment to the philosophy of ‘kaizen’ and our core value of continuous improvement.

* Japanese philosophy that focuses on continuous improvement throughout all aspects of life.
Quality management
We are aiming to reinvigorate staff skills around ISO 9001 principles and problem solving. Our quality management system has been ISO 9001 certified since 1992. Our intention is to move quality beyond compliance to an activity that encourages creative problem-solving and improved experiences for our customers.

In line with this focus, we explored problem-solving methodologies available to us in 09/10 with a view to selecting and implementing an approach that works for the organisation. While that decision has not yet been made, continuous improvement in our internal business processes continues to occur outside a formal framework.

Our Bids and Tenders ‘Connect’ project is an example of this. Connect is a fully integrated web-based platform — it includes a searchable contents database, a tender management system and an automated workflow. This innovative system is an active demonstration of our mission: creating knowledge by integrating data, documents and processes. It was recently showcased as best practice at the annual regional Kaizen Forum.

Information Services strategy review
Our overarching direction in Business Services and Information Services is to simplify business processes and provide the tools and information to enable the business to work more effectively. To support the achievement of our business objectives and address a key employee engagement driver, we have identified that we require a significant focus and investment in Information Services (IS).

In 09/10 we initiated a comprehensive review of our IS strategy and its role in supporting our business. An independent, external consultant was engaged to work with the business and develop an appropriate IS strategy. The first 4–6 weeks of IS strategy review was predominantly an information gathering exercise, although work has begun on key areas in parallel to the ongoing review. These include:

• recruiting a senior business analyst (the first investment in a new IS organisation to meet the above expectations)
• planning to refresh personal computers in 10/11
• looking more closely at business intelligence to meet our challenging and dynamic information needs.

Our focus going forward is to develop an integrated view of the Business Process and Application portfolio. Critical success factors will be the ongoing partnership between IS and the wider business and engagement with our parent company and more specifically, Asia Pacific Operations, to ensure we collaborate to achieve our mutual goals.

Final recommendations for the IS strategy will be delivered in 10/11. However one key recommendation has been put in motion since the close of the year under review. In order to ensure the successful execution of the IS strategy a new executive role of General Manager, Information Services has been created, reporting to the managing director.

Unleashing the value of the multifunction device
Image Gateway, developed specifically for the Australian market, is a component-based software platform, providing improved document process functionality at the multifunction device (MFD). Designed to help businesses get full value from the MFD, its capabilities range from server-based cost management, document capture, faxing and providing a two-way access point to document management systems at the MFD touch panel. Additional functionality can be developed to suit specific business needs, as was the case with Pitcher Partners.

Pitcher Partners is an association of Australian audit, accounting and advisory firms. Established in 1991, Pitcher Partners has grown to 83 partners with more than 800 staff. As the company continues to expand, the need to streamline document-intensive administrative processes has become more evident.

Pitcher Partners approached us for our expertise in business services and solutions and made the transition to sophisticated multifunction devices that will improve productivity, and allow for customisation and automation of document workflow processes.

The company has benefited from a customised Image Gateway solution, which allows Pitcher Partners’ staff to scan documents directly into an electronic document management system, archiving scanned files to specific client folders and reducing duplication errors.

‘Fuji Xerox Australia’s solution streamlined our processes and provided maximum productivity benefits. The solution also works alongside our accounting system, which works out well for us as our accounting system is deeply entrenched in our processes and we did not want to have to change it. This is just one step towards a complete document management strategy, and we are continuing to work with Fuji Xerox Australia to improve our processes and document management systems.’

Grant Stewart
Pitcher Partners’ Operations Manager
Message from our General Manager, Corporate Affairs

Our new organisational vision and mission has been a significant development in the year under review, leading our business to begin to consider how our new corporate direction can be achieved. All divisions are moving to align under one common goal — to be the leader in integrated document services by 2015.

Parallel improvements to our strategic planning process will ensure that all divisions and operating units shape their individual mid-range strategies to support the overall business direction. This will provide an opportunity to further embed our response to sustainability drivers into the core business planning and review process, something that has challenged us in the past.

The company is still embedding sustainability into the management and reporting structures of the business. Many materially significant aspects of our sustainability performance are already well addressed in those structures, such as employee engagement, customer satisfaction and environmental management. While we are committed to continuously improve our performance in those existing material areas, the company also needs to tackle emerging sustainability challenges and opportunities as we bring our new vision and mission to life.

This emerging focus on a singular mission is building a purpose-driven organisation. However our leadership is equally focused on ensuring we are led by values. Our organisation is underpinned by a commitment to our values and the sustainability of the environment and the communities in which we operate. The introduction of a new Code of Conduct in 10/11 will bring together the fundamentals of our values, our legal obligations and our commitment to sustainability in one document. This will provide enhanced guidance for employees on questions of business ethics and integrity. While we have focussed most attention to date on employees living the values in our core business, increasingly we look to all our business partners, including our dealers and agents, to model their own operations on similar principles.

The scope and extent of legal and ethical incidents and complaints in 09/10 are somewhat less than in prior years. However we acknowledge that we still have work to do to ensure that our people understand how such incidents should be reported and provide a framework for analysing and recording legal and ethical breaches. Improved methods for capturing employee, customer and other stakeholder views on such incidents will be assessed to ensure that we have full visibility in the future. This will ensure that as we launch our Code of Conduct we will also provide a supporting framework for reporting, analysing and recording breaches and how they should be dealt with.

Roger Pearce
General Manager, Corporate Affairs
The Fuji Xerox Group was established in the 1960s through a partnership between Rank Xerox (based in Europe) and Fuji Photo Film Holdings, to cover the Asia Pacific market for xerographic equipment and supplies. At the time Rank Xerox was co-owned by Xerox Corporation (based in the United States), which gradually increased its stake in Rank Xerox throughout the 1990s until it assumed full ownership. The Fuji Xerox Group is co-owned by Xerox Corporation (25 percent) and Fuji Photo Film Holdings (75 percent). Fuji Xerox Australia is an operating company, managed regionally through Singapore-based Fuji Xerox Asia Pacific Pty Limited, with a Japanese parent company Fuji Xerox Company Limited.

Fuji Xerox Australia receives operational direction from Fuji Xerox Asia Pacific Operations (APO) based in Singapore. Strategic direction is agreed within a medium range plan, which has a four-year horizon. Our constitution and the communication matrix between APO and our organisation govern the powers of the Board of Directors and the management respectively and establish how decision-making authority is delegated. The local board of directors of the company includes our managing director and two general managers of the business, as well as senior managers from APO. Our managing director chairs the board. 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 the annual planning processes and the performance management system. This is the framework for the implementation of the operating plan and for sharing the company's vision, mission, values and sustainability objectives. The meeting framework through which the business is governed is outlined in the diagram below.

Fuji Xerox Australia parentage

Fuji Xerox Australia meeting framework

Governance

Fuji Xerox Group in Australia

Fuji Xerox Finance Limited
Fuji Xerox Australia Pty Limited
Fuji Xerox Sales Pty Limited

Fuji Xerox Finance Limited

Agreed operating plan

Operational direction

Fuji Xerox Asia Pacific Pty Limited

Monthly Divisional Meetings
Managing Director, Divisional General Manager and Business Managers

- Division review and results
- Operational policy decisions validation
- Coordination of the supply of products and services

Site Customer Satisfaction Meetings
Executive Board representative and cross-functional Business Managers at each site

- Review customer satisfaction levels and issues at site level
- Vehicle for communication of customer satisfaction matters up to and in from the executive board meeting

Monthly Divisional Meetings
Managing Director and General Managers of each division of the business

- Policy development
- Company review and results
- Customer satisfaction feedback
- Employee engagement feedback
- Quality, environment, safety report
- Community engagement review

Executive Board representative and cross-functional Business Managers at each site

- Review customer satisfaction levels and issues at site level
- Vehicle for communication of customer satisfaction matters up to and in from the executive board meeting

Monthly Divisional Meetings
Managing Director and General Managers of each division of the business

- Policy development
- Company review and results
- Customer satisfaction feedback
- Employee engagement feedback
- Quality, environment, safety report
- Community engagement review

Site Customer Satisfaction Meetings
Executive Board representative and cross-functional Business Managers at each site

- Review customer satisfaction levels and issues at site level
- Vehicle for communication of customer satisfaction matters up to and in from the executive board meeting

Monthly Divisional Meetings
Managing Director and General Managers of each division of the business

- Policy development
- Company review and results
- Customer satisfaction feedback
- Employee engagement feedback
- Quality, environment, safety report
- Community engagement review

Site Customer Satisfaction Meetings
Executive Board representative and cross-functional Business Managers at each site

- Review customer satisfaction levels and issues at site level
- Vehicle for communication of customer satisfaction matters up to and in from the executive board meeting
Embedding sustainability

Direction

- Integrate sustainability more formally into governance, planning and management frameworks.
- Progressively establish sustainability accountabilities and/or priorities in existing roles as determined by business planning process.

09/10 objectives

- Align risk management approach with materiality process and refine both.
- Formally establish appropriate objectives under each area of accountability in the Integrated Sales and Marketing Division (ISMD) business planning process as a pilot for other divisions to follow.
- Continue the champion program and resource programs for improvement in line with sustainability objectives.
- Review stakeholder engagement framework.

How did we do?

- Our work on risk management has not progressed due to other priorities taking precedence.
- The ISMD pilot has been superseded by a broader business planning review, which will help us align divisional strategies to meet our 2015 mission.
- The continuation of the sustainability champion program was deferred with a view to establishing sustainability accountabilities across divisions as part of our business planning process. The community champion network has successfully increased levels of engagement in community initiatives by establishing a network of individuals to coordinate activity (see ‘influencing sustainability outcomes’).
- Our stakeholder engagement framework has been reviewed and now maps our range of engagement mechanisms from those that simply inform stakeholders to those that empower (see ‘foreword’).

10/11 objectives

- Identify an appropriate risk management framework and work to align the corporate risk and materiality registers.
- Continue to improve the business planning process and use the planning cycle to identify sustainability priorities and resource programs across divisions with assigned accountabilities.
- Work with divisions so that the stakeholder engagement framework can create value for their initiatives.
- Continue participation in the global CSR working group and work through Fuji Xerox leadership to further embed sustainability and increase collaboration across the Fuji Xerox group.

Because we scope sustainability broadly, the board member with ultimate responsibility for our sustainability performance is our managing director. There is clear leadership recognition that we are accountable to stakeholders for not only business results but also our social and environmental performance.

Furthermore, our senior leadership team recognises that the company’s financial success is dependent upon engaged staff, loyal customers and how well we respond to their concerns across the social, environmental and economic aspects of sustainability.

Inclusivity

We are still developing the formal mechanisms that will ensure we have heard all relevant views across all our areas of accountability. Internal perspectives lead the organisation’s identification of sustainability issues. We still have work to do if we are to identify and address our sustainability issues in collaboration with all relevant stakeholders. This is illustrated in our stakeholder engagement framework, which has identified some gaps, although we do have well-developed staff and customer engagement tools.

Materiality

We also have strengthened our materiality process that allows different stakeholder perspectives to affect the prioritisation of those sustainability issues. But without strong engagement mechanisms to capture and make visible external stakeholder perspectives we will continue to be internally led in our identification of sustainability issues. In 10/11 we will work

Corporate Social Responsibility (CSR) working group

In 09/10 we have begun to work more closely at a regional level with our parent company and the APO, which supports the nine operating companies across the Asia Pacific. A Corporate Social Responsibility (CSR) working group has been established with a view to ensuring our customers sustainability drivers are fully understood and responded to.

At the same time the CSR Committee, led by the President of Fuji Xerox, has been re-established. One of the first priorities of the CSR working group is to provide appropriate development for Fuji Xerox senior managers so that they can begin to address sustainability issues in their own planning and review cycles.
Embedding sustainability

Embedding sustainability involves bringing material stakeholder concerns across our environmental, social and economic performance into the strategic planning and review processes.

**Inclusivity**
- We identify stakeholder groups.
- We develop engagement mechanisms (employee / customer surveys).
- We use engagement mechanisms to identify stakeholder concerns.

**Materiality**
- We rank stakeholder concerns through a materiality process that assesses whether the concern will impact corporate strategy.
- We integrate materiality register with risk register (work in progress).
- We input both to strategic planning process (work in progress).

**Responsiveness**
- We involve primary stakeholders in strategic planning to determine appropriate response (work in progress).
- Objectives agreed, programs resourced and KPIs monitored.
- Transparent account of performance is provided in sustainability report.

with divisions so that the stakeholder engagement framework can create value for their initiatives. In particular we will focus on building new stakeholder engagement mechanisms with our suppliers.

There is also an opportunity to bring stakeholder perspectives and prioritised issues more formally into our risk management, business planning and review processes. A customer, community, parent and employee stakeholder panel was convened during our first management community meeting in 09/10.

The response from those gathered to the different viewpoints was overwhelmingly open and positive. We plan to formalise opportunities for such feedback to influence our direction moving forward. In the past these efforts have been frustrated by weaknesses in our risk management and business planning processes.

Work is already underway to improve the business planning process. In 09/10 resources were assigned to work with each general manager on the development of consistent divisional strategies, aligned to strategic corporate objectives. This has simplified and made more visible the strategic initiatives of every division, encouraging greater cross-divisional communication and collaboration.

This work will continue in 10/11 with divisions beginning to adopt a consistent set of strategic planning and reporting tools. We will use the 10/11 planning cycle to identify sustainability priorities and resource programs across divisions with assigned accountabilities. In 10/11 we will also identify an appropriate risk management framework and work to align the corporate risk and materiality registers.

**Responsiveness**
As regards embedding sustainability reporting, divisional reviews mainly address core business key performance indicators (KPIs). At a state and site level, a general manager who also acts as ‘godparent’ for that state, chairs monthly meetings that provide a forum for reviewing customer, environmental and safety KPIs.

In addition to embedding sustainability in management and reporting approaches, it is important that we engage staff at all levels of our business on our sustainability journey. Our people understand our commitment to sustainability and the sustainability team works very effectively across divisions to ensure their sustainability issues are responded to. However we still have work to do in making all divisions accountable for managing the issues that are most relevant to them.
### Values, ethics and legal compliance

**Direction**

- Educate staff so that ethical and legal breaches are minimised through the development and communication of a Code of Conduct.
- Live our values in our business.

**09/10 objectives**

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>- The Code of Conduct launch was delayed due to the need to first communicate and embed a new vision and mission for the business. The new code will be reframed in light of this new direction. Our current policies in this area remained relevant throughout 09/10.</td>
</tr>
<tr>
<td>- Work to develop a procedure and register for breaches has not yet commenced.</td>
</tr>
<tr>
<td>- A review took place of our own policy and practice along with third party benchmarking.</td>
</tr>
<tr>
<td>- Improvements in access to the whistleblower mechanism were deferred to a broader web review.</td>
</tr>
<tr>
<td>- The development of new, company tailored legal training was commenced but not completed.</td>
</tr>
<tr>
<td>- Business priorities meant that our third round of legal compliance training did not take place as planned.</td>
</tr>
<tr>
<td>- The development of new, company tailored legal training was commenced but not completed.</td>
</tr>
<tr>
<td>- Business priorities meant that our third round of legal compliance training did not take place as planned.</td>
</tr>
<tr>
<td>- Updating of HR policies and procedures has been completed.</td>
</tr>
<tr>
<td>- Values assessment is now part of all employees’ performance reviews.</td>
</tr>
</tbody>
</table>

**10/11 objectives**

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>- The Code of Conduct launch was delayed due to the need to first communicate and embed a new vision and mission for the business. The new code will be reframed in light of this new direction. Our current policies in this area remained relevant throughout 09/10.</td>
</tr>
<tr>
<td>- Work to develop a procedure and register for breaches has not yet commenced.</td>
</tr>
<tr>
<td>- A review took place of our own policy and practice along with third party benchmarking.</td>
</tr>
<tr>
<td>- Improvements in access to the whistleblower mechanism were deferred to a broader web review.</td>
</tr>
<tr>
<td>- The development of new, company tailored legal training was commenced but not completed.</td>
</tr>
<tr>
<td>- Business priorities meant that our third round of legal compliance training did not take place as planned.</td>
</tr>
<tr>
<td>- Updating of HR policies and procedures has been completed.</td>
</tr>
<tr>
<td>- Values assessment is now part of all employees’ performance reviews.</td>
</tr>
</tbody>
</table>

### Code of Conduct

Although the business is governed by existing policies in relation to business ethics and codes of behaviour, a new Code of Conduct, that better reflects core company values, is being developed for roll-out in 10/11. While we regret that the original timetable for launch of the new code has slipped from the date envisaged in last year’s report we felt that the delay was justified by the need to embrace both the new vision and values platforms.

Our Code of Conduct underpins all aspects of our business operations and is the foundation stone in our commitment to corporate citizenship. It incorporates our values, which provide the principles to guide us in our day-to-day attitudes and behaviour and provide a framework to assist in decision making. Individual contracts articulate the terms and conditions of individual employment and company HR policies provide clear direction on topics as diverse as leave, confidentiality and discrimination.

The Code of Conduct provides a supplement to these processes and establishes a minimum set of standards that all employees are required to comply with. It guides our staff through how to avoid conflicts of interest and how to respect laws relating to privacy, consumer protection and competition.

The new code will be promulgated to staff through a range of mechanisms including the example set by our executive team and senior management. Employee contracts will incorporate an obligation to comply with the code. We will confirm compliance with the code annually with all our staff, and will ask managers to make us aware of any breaches.

Access to an ethics counselling service and a whistle-blower mechanism are intended to uncover unethical or illegal incidents in breach of our code. A review of our whistleblower process for capturing customer concerns regarding business ethics, has highlighted the need for some improvement to overall web-based customer feedback. Customer feedback mechanisms, including the ability to highlight issues of an ethical nature, will be reviewed as part of an overall web project in 10/11.

The existing mechanism for employees wanting to highlight issues of ethical concern has been to raise it with their first or second line management. In conjunction with the cascading of the new Code of Conduct, an improved mechanism for confidential employee feedback will be established in 10/11.
Reflecting and reconnecting with our values

Work to ensure our values are brought to life in our business continued throughout 09/10. ‘Reflect and reconnect’ sessions are ongoing in every division. Communications and reflections on our values are emphasised in many corporate vehicles and embedded in management development and networking events. An assessment of values is now part of every employee’s annual performance review, which has led to more open discussion of what role model behaviour should include and what is inappropriate. Increasingly, values alignment also plays an important role in our decisions to select, continue and terminate employment.

 Fuji Xerox Australia core values.

Legal compliance

Legal compliance is fundamental to good corporate governance. Internal legal counsel alert management to likely business impacts from developments in the law. We ensure general legal requirements as well as trade practices, privacy and product safety requirements are met in the following ways:

- Our general legal and trade practices policies establish how compliance is to be maintained.
- 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.
- Corporate Affairs review all promotional materials and significant external communications for compliance with company policy, the Trade Practices Act 1974 and other relevant legislation.
- Data security and privacy requirements are documented in employee contracts and/or in company policies.
- Our product safety requirements are outlined in the Fuji Xerox C11 safety standard, which goes beyond regulatory obligations.
- Managers in the business are also expected to maintain a working knowledge of the law relevant to their area of responsibility, such as in safety and environmental areas.

Training in legal compliance

As mentioned in our last report, our approach to using third-party training and testing tools has been under review. We have commenced drafting a new in-house legal awareness training program, which includes tailored content to provide more relevance. The core training material is targeted for completion in the first half of 10/11 and a new online training and testing program will be cascaded at that point. Where necessary, face-to-face sessions for specific aspects of legal training will continue to be provided for identified groups.

Incidents and complaints

No material claims have been brought by our customers or suppliers against us in 09/10. Corporate Affairs review has brought to light a recurring issue with marketing promotions that provide business and personal incentives to our customers. Since the close of the year under review this has been discussed within the leadership team and in 10/11 we will remind our business of the legal and ethical framework for marketing promotions.

We engage a number of independent dealers and authorised agents to sell our products in Australia. As can be seen from disclosures in previous reports from time to time a dispute arises in relation to those arrangements. The status of such disputes is set out below:

- The dispute with a sales agent about an incident reported in the 07/08 year in which false equipment orders were placed was finally settled. No customers were affected by this matter. The dispute was not financially material and resulted in a general tightening of order validation processes.
- The service of one employee was terminated during the year for misconduct – attempting to obtain a personal benefit from the performance of a role for the company. The company was notified of the matter, which was subject to a police investigation, but no charges were laid against the individual.
- The dealer dispute referred to in the 08/09 report has also been resolved. The then incumbent dealer sold his business to another longstanding dealer and Fuji Xerox Australia entered into a new dealership agreement with that party.
- A new dispute has arisen within the 09/10 reporting period with another one of our dealers. We are obliged to maintain confidence with regard to this contractual dispute. We hope to resolve this matter in the near future and obtain consent to include further details in the 2011 report.

There were no significant ethical concerns brought to our attention through our external whistleblower web link during the year. As in prior years, the one or two incidents per month usually related to customer dissatisfaction with aspects of operational performance and were responded to within 24 hours and usually closed within a week. Given the nature of issues raised by the whistleblowing service, our customer feedback web mechanisms will be reviewed in 10/11 to ensure operational issues are quickly dealt with by appropriate functions. We will work to identify another appropriate communication channel, for specific issues that relate to unethical behaviour.

During 09/10, no material ethical incidents emerged affecting employees. However, the increased visibility and discussion of values has highlighted several instances where interpretation of some basic company policy (eg customer entertainment) needs to be better supported by examples of what is appropriate and inappropriate behaviour. This will be achieved through the new Code of Conduct.
Message from our General Manager, Customer Support

Managing the customer experience continues to be highly material to sustainability and is a core company value. We aim to be the business partner of choice by providing customers with market leading solutions and services for document intensive processes, supported by highly skilled resources and responsive processes and systems.

The development of integrated document services creates different customer support challenges so we will need to build new capabilities and customer support models. If we are to become a business partner of choice, it is also essential that we deliver on our commitment to listen and respond to the voice of customer.

All customer segments were surveyed in 09/10. In response, we continuously improve the core business systems and processes that are customer satisfaction drivers, especially in the critical area of equipment delivery and installation where we have successfully reversed declining customer satisfaction figures. There has also been improvement in the fundamental frameworks that allow us to listen and respond to our customers. In 09/10 the technology underpinning the management of customer complaints was reviewed and the structure of our customer satisfaction meetings was revised. However there is still work to do on reviewing our customer survey methodologies.

There is an opportunity for greater levels of coordinated reflection by the business on the factors driving customer satisfaction. Currently we have a fragmented approach whereby pockets of survey data point to specific customer drivers to which we will respond. A higher level of analysis and synthesis would help us integrate our various survey results into one single view of customers and reflect on what that tells us more broadly about how we manage our customer experience.

We believe that step of changing how we listen and respond to the voice of customer (VOC) is partly achieved through technology investments and business process improvements, but would have even greater impact with higher levels of engagement by the core business in VOC processes.

While Global Services already have an embedded approach, in 10/11 we will look to other areas of the business to begin to embed the management, measurement and reporting of the customer experience. We will work with them to review methodologies for how we capture the voice of customer with the intent to better understand and positively influence the customer experience. Our goal is to increase levels of ownership and accountability by decentralising the management of customer satisfaction, whilst providing a consistent corporate framework that will allow a single view of customers. While we continue our focus on listening and responding to customers to better meet their needs and enhance their experience, we are also embracing new customer support challenges that come with the development of integrated document services.

To support our vision and to ensure we continue to deliver an excellent streamlined customer support experience, we have identified several key areas of focus including improving our software support processes, improving our onsite support for blended desktop and multifunction device solutions, and further developing our remote solution support. At the same time we continue to measure our support effectiveness and identify opportunities for improvements in reliability, responsiveness and resolution times, including our capability to resolve calls remotely without the need for a site visit, thus quickly fixing customer issues whilst reducing our impact on the environment.

Paul Whittard
General Manager,
Customer Support
Managing and measuring the customer experience

Direction

- Formally listen and respond to the voice of customer (VOC) in all segments.
- Improve systems and processes for measuring and managing the customer experience.
- Improve customer loyalty and advocacy in all market segments so that we become a partner of choice.

09/10 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶ Review customer satisfaction assurance system (CSAS).</td>
</tr>
<tr>
<td>▶ Review customer satisfaction meeting format.</td>
</tr>
<tr>
<td>▶ Review customer survey methodologies and office and production customer satisfaction and net promoter score targets.</td>
</tr>
<tr>
<td>▶ Achieve overall office customer satisfaction index of 95%, including 40% very satisfied.</td>
</tr>
<tr>
<td>▶ Achieve overall production customer satisfaction index of 95%, including 40% very satisfied.</td>
</tr>
<tr>
<td>▶ Provide a closed loop dialogue with production customers regarding high-level survey outcomes, trends and action plans for improvement.</td>
</tr>
<tr>
<td>▶ Achieve net promoter score (NPS) target of 15–30% for both office and production customers.</td>
</tr>
<tr>
<td>▶ Meet Office Services, Design Services, Mail Services and Print Services customer satisfaction targets.</td>
</tr>
<tr>
<td>▶ Achieve high loyalty indicators in the regional competitive benchmarking study.</td>
</tr>
</tbody>
</table>

10/11 objectives

- Implement new customer satisfaction assurance system.
- Launch new customer satisfaction meeting format with revised KPIs.
- Decentralise customer satisfaction management, measurement and reporting giving increased ownership to the core business.
- Meet office and production customer satisfaction targets.
- Continue to use net promoter score loyalty indicator for office and production customers.
- Meet Office Services, Design Services, Mail Services and Print Services targets.
- Conduct a cross-divisional review of customer satisfaction targets to ensure they are meaningful and consistently aligned.
- Achieve a competitive benchmarking score of 85%.
Fuji Xerox Australia has a number of systems and processes for measuring our customers’ experience:

- customer satisfaction assurance system
- customer satisfaction meetings
- customer satisfaction surveys.

Customer satisfaction assurance system

The customer satisfaction assurance system (CSAS) was reviewed in 09/10. A new system with better classification and management of complaints and compliments for trending and analysis will be implemented in 10/11. This new system will allow data trend analysis and the prioritisation of continuous improvement projects in response to findings. It will also allow us to capture all customer feedback from every division so that ultimately a single view of customers can be captured and conveyed across the business.

New system features include:

- easy to use online system for staff to log complaints and compliments
- easy to use online system for assignee to view and update complaints and compliments
- better classification of complaints and compliments for trending and analysis
- unified common approach to compliment awards and complaint classification
- alerting and notification to ensure we monitor our KPIs
- ability to produce month-end reports for all stakeholders and APO regional reporting with minimal effort
- integration with our existing HR system.

Customer satisfaction meetings

Each month, we hold customer satisfaction meetings in state branch offices. The purpose of these meetings is to identify customer issues and share information, feedback and ideas aimed at improving our customer experience. In 09/10 there was a full review of these meetings and the KPIs on which they focus.

In 10/11, we will roll out the revised customer satisfaction meeting format and associated KPIs. One of our main goals is to shift the meeting focus from the immediate resolution of individual customer issues to an analysis of root causal trends in complaints, so that we can make improvements and prevent issues arising.

Another goal is to ensure there is appropriate escalation of significant and systemic customer issues, so that responses can be prioritised and resources assigned.

There are a number of critical success factors if these goals are to be achieved:

- general managers assigned to each state branch need to take an active role in customer satisfaction meetings
- strategic review of significant customer satisfaction trends should become a regular agenda item during the executive board meeting
- escalation and action templates will be developed and utilised
- implementation of new CSAS will allow dashboard visibility, trending and analysis of all customer complaints.

Fuji Xerox Australia customer profiles

<table>
<thead>
<tr>
<th>Office Business</th>
<th>Production Services Business</th>
<th>Supplies</th>
<th>Global Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small businesses to large corporations purchase printers, multifunction devices and workflow solutions from our Office Business.</td>
<td>Graphic arts and production environments purchase commercial printing systems and services from our Production Services Business.</td>
<td>Small businesses to large corporations purchase a wide range of products for digital printing, preparation and finishing of documents.</td>
<td>Large corporations use our outsourced document management and business process services. Lines of service include: Document Management: Design, Print, Mail, Office Services (print infrastructure management); Business Process Services (BPS); finance and administrative services.</td>
</tr>
</tbody>
</table>

Measurement of customer satisfaction

Regional competitive benchmarking of customer loyalty (this is our first year).

- Post-installation survey. Please see page 35 for office customer satisfaction.
- 90-day intensive care process. Annual face-to-face survey. Please see page 37 for production customer satisfaction.
- Satisfaction is not measured separately but rather integrated into other surveys.†
- The majority receive an end-user online survey. Focus on round table industry events, where we invite executives to discuss common trends and challenges. Please see page 38 for Global Services customer satisfaction.

† BPS is a new part of our business; we have started collected customer satisfaction data this year and will include this data in next year’s report.

‡ This applies only to supplies customers who are also customers of other parts of the business. 54% of supplies customers are not captured in this process and do not have their customer satisfaction measured.
Regional competitive benchmarking

In 09/10 the Asia Pacific customer loyalty research program was extended to operating companies, including Fuji Xerox Australia. The survey covered all customer segments. We chose to participate as a pilot. However the value of the findings are such that we are considering a longer term commitment to the study and will refine its approach to ensure even greater insight is provided.

This research is designed to assess overall customers’ experience and their satisfaction with our products and services. It is also focused on the unique business relationship respondents have with their brand or manufacturer in order to better understand the contributing factors in building customer loyalty. The research assessed the competitive strengths and weaknesses of our products and services by surveying key competitors in the Australian market on similar indicators.

The survey provides a loyalty index, which is defined as the percentage of customers who rated the brand highest at 8, 9 or 10 on all three key measures — overall satisfaction, likelihood to buy additional products and strong advocacy of the brand.

The loyalty target for 10/11 is set at 85 percent. In order to achieve the 8 percent increase required on the current 77 percent loyalty index, we will need to address weaknesses in billing and invoicing, which have already been identified in our office customer satisfaction surveys. The survey identified that Fuji Xerox has an excellent advantage over competitors in terms of brand image, which is a key factor underpinning the strong loyalty of our customer base.

Office customer satisfaction

For office customers, a post-installation survey is conducted by telephone for all new installations. This survey occurs three times per annum. Its purpose is to identify issues resulting from any of the following key customer interactions:

- sales process and demonstration
- equipment delivery and installation
- training
- equipment features and performance
- service and support
- document supplies
- customer administration.

At the end of the telephone survey, two net promoter score (NPS) questions are asked to assess whether customers would recommend Fuji Xerox and whether they would buy from us again. Any dissatisfied customers are also logged into CSAS so that we can respond to concerns immediately.

Office customer satisfaction levels

While we have seen a declining trend in overall satisfaction in 07/08 (94 percent) and 08/09 (90 percent), the OSI score of 92 percent in 09/10 is trending back towards our target of 95 percent. The proportion of very satisfied customers has also declined from 46 percent to 43 percent.

Our analysis of the reasons for these trends and what we are doing to improve customer service are outlined below.

Equipment delivery and installation

For three consecutive years our surveys have identified weaknesses in equipment delivery and installation. In our last report we indicated that a full review had been conducted and that changes would be implemented in supply chain operations that would improve our performance in this area. Our goal was to reduce the time between when our logistics suppliers delivered equipment to customers and when technical staff would arrive to actually install it.

Office customer satisfaction*
Customer feedback: ‘Co-ordination of delivery, installation and training of new product could be improved.’

Our response: In 09/10 organisational changes were made to create a single accountability for the end-to-end process of equipment delivery and installation. The effect of these changes was to ensure that installation would occur in less than four hours of delivery. We are pleased our resolution to this issue has been well received. Surveys that have been conducted since the close of the year under review illustrate that satisfaction levels with this aspect of the customer experience are improving.

Customer administration
For three consecutive years our surveys have identified challenges with customer administration systems and processes. Further investigation has revealed specific issues with our billing and invoicing, relating to lack of clarity and simplicity, lack of timeliness in response to billing enquiries, and the capability of customer administration staff.

Customer feedback: ‘We’ve been dealing with you for more than 5 years and we’ve always been happy.’

‘I think that if they cleaned up their accounting side, Fuji Xerox would be the best company.’

Our response: Our goal is to improve our systems, tools and training in customer administration so that our people will have the resources and capability to manage customer billing effectively and respond to customer queries promptly. In 09/10 we have worked to specify the strategies that would achieve this goal and in some cases they have begun to be implemented.

We are pleased that advances in e-metering will increase the accuracy of our billing, reduce customer queries and contribute significantly towards the seamless billing process we hope to achieve. We are working with HR to develop customer skills training and we have also identified the IT strategies and investments that are required to improve our customer administration systems and tools. Our 10/11 strategies include:

• development of customer information material that clearly explains our invoicing
• the redesign of our invoicing support system so that employees have access to tools that will streamline customer query management
• the implementation of standard query workflows that will improve visibility into timely query management and allow for the reallocation of resources if required
• delivery of customer service skills training.

Sales process and demonstration
Following consistent feedback highlighting the fact that the sales process remains an area of concern for our customers, Fuji Xerox Australia has made a significant investment in our sales people’s capability through implementation of a sales academy.

Customer feedback: ‘I had an issue with the toners. Because we have a small area, when the toners were empty, they were taking up lots of space. I called you and organised a recycling box which works well. We weren’t informed of this when we purchased the machine, so perhaps you could mention this feature during the sales process.’

Our response: The sales academy is not an isolated training event, but rather an ongoing development process that incorporates competency assessment, workshops, business simulations, manager coaching and real life case application as well as presentation skills development and implementation. It requires sales people to view the sales process from the perspective of customers, who will have different needs at each stage of their buying cycle. It provides sales people with tools to use at each stage to ensure that their interactions, style and approach are aligned with the needs of customers. We are seeking to develop sales people to create value for and act as trusted advisors to our customers through a thorough understanding of their business needs.

To measure improvement in this area we have developed specific competencies for assessment by both sales persons and managers. Upon completion of the program we will go through this assessment process again in order to measure the impact of the program on the capability of sales persons. We will balance this internal measurement with data and feedback gained through our customer satisfaction surveys.

Office net promoter score
The net promoter score (NPS) measures how we deliver customer experiences so that we can better build long-term loyalty and customer advocacy. This provides an important lead indicator, complementing the lag indicators identified in other areas. In 09/10 our office survey identified a NPS of 36 percent, which is a 9 percent improvement on the previous year and 6 percent above the target rating of 15–30 percent for business-to-business sales organisations.

Customer feedback: ‘Service is very good, FXA are very loyal. I recommended FXA to a friend to install a machine. Office machines department was slow to respond initially — I complained to FXA and the problem was sorted out very quickly. My friend is very happy with the machine.’

Our response: Further analysis is required to explore the significance of our success with loyal customers and how that positive customer experience can be shared more broadly.

* Extracted from national 90 day survey results over the past year. Statements in response to: what is the most important improvement Fuji Xerox could make that would make you rate us closer to ten?
Production customer satisfaction

The 90-day intensive care post-installation review is an important mechanism for managing and measuring production customer satisfaction.

It has been designed to monitor the performance of Fuji Xerox Australia production systems and workflow solutions during the 90-day period immediately following a new installation. The intensive care process was re-launched two years ago, with a view to ensuring that clients who have installed our high-end production solutions are provided with faultless implementation. It requires the sales specialist and account manager to ensure each element of an installation is completed effectively, and that any unsatisfactory element is escalated to ensure an appropriate resolution.

In addition to the intensive care process, we have established an account review process to address the broader needs of our customers in relation to equipment, supplies, service and invoicing. This provides the opportunity to engage clients on issues related to their business requirements and industry trends.

Production customer satisfaction levels

The production business fell 4 percent short of our Overall Satisfaction Index KPI of 95 percent, however we achieved a 5 percent improvement on 08/09 levels. Production also fell short of the ‘very satisfied’ target by 12 percent, a 3 percent decline on 08/09. However there is an increasing trend in satisfied responses and a decline in dissatisfied customers.

Our analysis indicates that all key areas of dissatisfaction related to account management.

Customer feedback: ‘Good experience with FXA. Actually have recommended to a friend who bought a machine.’

‘Fundamentally they care about what we do. They really bend over backwards for us. They exceed our expectations. We have a really good relationship with the sales and marketing guys. They take an interest, do a lot more analysis. There is no comparison with other (competitors companies).’

‘Close to very satisfied. [They] have the ability to deal with us as a global company. Emerging technologies — what they are developing and releasing in the future will play a large part in how we view them moving forward.’

* Extracted from the PSB face to face survey results in the past year.

In response to: what is the most important improvement Fuji Xerox could make that would make you rate us closer to ten?

Our response: In 09/10 we made a commitment to reconsider the account review process. Internal workshops have confirmed the current process still provides value to customers when utilised correctly. However, it is clear that the process is not being applied in a uniform or regular fashion. Our declining numbers of very satisfied clients concern us, so we have re-emphasised the need for account managers to conduct account reviews and use the intensive care process.

Each account manager has been set an agreed target to complete account reviews for their clients, utilising the documented process. In addition, each sales manager is required to coach staff in the appropriate and effective use of the process. Senior production business managers have also been set an objective to ensure that all key customers within their segments are provided with effective account management, including account reviews, executive communication exchanges and informal engagements.

Three senior market managers, reporting to the national management for the production business, have a charter to ensure clients in the commercial print, franchise, mailing and in-plant markets are engaged in a consistent and high-quality manner.

Production net promoter score

The 09/10 face-to-face survey identified a NPS of 20 percent, which is a 5 percent improvement on the 07/08 survey. This result is within the mid-range of the target rating of 15–30 percent for business-to-business sales organisations.

We will continue to invest heavily in our Premier Partner Program, to ensure our largest and most loyal production customers are provided with thought leadership opportunities. The most recent initiative was our hosting a range of our premier partners in the Global Premier Partner Congress in Manchester, UK in May 2010.
Global Services customer satisfaction

For Global Services customers, a standardised online survey is conducted at least once annually for each client account and is targeted at the end users of our onsite services. As the onsite services we provide can vary from one customer account to another, the surveys are customised to reflect the mix of services at each customer site and are standardised to focus on the following areas for each service offered:

- satisfaction over the review period with the performance of a number of service and operational tasks relevant to the onsite service offered
- overall satisfaction with the onsite service offered
- satisfaction with the overall support and services provided by Fuji Xerox Australia.

At the end of each section relating to a particular onsite service, the respondents are asked to provide us with feedback regarding improvements to the onsite service we offer. We also ask the respondent to nominate anyone that they believe should be recognised for providing outstanding customer service. Both positive feedback and any issues raised are also logged into CSAS so that we can respond to concerns immediately.

In 09/10 we improved the sample size and the rate of response to our office, print and mail services customer surveys (design services remained the same). That involved encouraging site-based customer service managers to take greater levels of ownership for response rates and to interpret the significance of the data for their respective operations.

Office Services customer satisfaction

In 09/10 we met our 92 percent overall satisfaction index (OSI) target and we exceeded by 5 percent our 30 percent very satisfied target. When compared to our 08/09 results, there has been a 3 percent improvement in our overall satisfaction (OSI) results and a 1 percent decline in our very satisfied results.

We have observed the lower very satisfied Office Services result in comparison to other lines of service. We find that in this sector satisfaction levels are affected by numerous customer touch points, ranging from our service engineers to help-desk employees as well as our equipment delivery providers. While our goal is to provide a seamless customer experience, the reality of coordinating a disparate range of touch-points on large client sites creates greater complexity and challenges.

Our positive 09/10 results have been driven by improvements to the software that allows us to remotely monitor customer equipment, delivering training in equipment functionality to help customers get full value from technology investment and driving consistency and service improvements through the Operational Excellence program. Operational Excellence is a management framework to ensure consistent policies, procedures, objectives and measures are applied across all managed service operations.

Customer feedback: ‘Would like some training on the functions of the machines on our floor — they seem to have quite a bit of functionality and there may be more we can get out of them.’

Our planned 10/11 improvements involve:

- standardised client reporting
- investment in operational program management resources to build Office Services capabilities and standard practices
- further investment in remote monitoring software
- complete deployment of Operational Excellence blue standard to office services sites (including third-party service suppliers)
- ongoing focus on delivering training in equipment functionality to help customers get full value from technology investment.

Print Services customer satisfaction

In 09/10 we exceeded by 3 percent our 95 percent OSI target and we exceeded by 12 percent our 56 percent very satisfied target. When compared to our 08/09 results, there has been a 3 percent improvement in our very satisfied results. Enhancements to our online workflow solution and the standardisation of performance measurement and reporting frameworks have been key improvements.

Customer feedback: ‘I understand there are other services available that assist teachers such as laminating. It would be good to have an idea of what all of these services are.’

Our planned 10/11 improvements involve:

- standardised client reporting
- investment in operational program management resources to build Print Services capabilities and standard practices
- deployment of Operational Excellence silver standards to all sites.

Design Services customer satisfaction

In 09/10 we met our 95 percent OSI target, but we fell 15 percent short of our 56 percent very satisfied target. When compared to our 08/09 results, there has been a 10 percent decline in our very satisfied results. Resource challenges have delayed the standardisation of performance measurement and reporting frameworks.

We have not developed a ‘community of practice’ to enable shared learning of creative ideas and this has had an impact on our very satisfied results.

Customer feedback: ‘Great team. They really understand our business.’

Our planned 10/11 improvements involve:

- standardised client reporting
- investment in operational program management resources to build Design Services capabilities and standard practices
- development of a community of practice.

* Extracted from FXGS customer satisfaction survey results in the past year.

In response to: as your feedback is important to us, what overall improvements can you suggest we make?
Mail Services customer satisfaction
In 09/10 we exceeded by 2 percent our 95 percent OSI target and we fell 6 percent short of our 56 percent ‘very satisfied’ target. When compared to our 08/09 results, there has been a 19 percent decline in our very satisfied results. The resource investment in specific Mail Service capabilities plus the standardisation of performance measurement and reporting frameworks have led to some positive results. However, resource challenges delayed the deployment of operational excellence silver standards, which has had an impact on our very satisfied results.

Our planned 10/11 improvements involve:
• standardised client reporting
• investment in operational program management resources to build Mail Services capabilities and standard practices
• deployment of Operational Excellence silver standards to all customer locations.

* As reported through online surveys.
With a new general manager appointed in 09/10 and new developments in our company vision and mission, it is appropriate that our customer support organisation has recently developed a new long-term objective and will work on new supporting strategies and measures in 10/11.

Our goal is to achieve operational excellence in service solutions and to build a flexible, knowledgeable and adaptable organisation. This is particularly important as our office business shifts towards providing integrated solutions combining services, software and hardware. This shift requires the development of new support skills. The desired outcomes are to deliver a streamlined experience for our customers and be an innovative partner of choice for support across the Fuji Xerox group.

In 09/10 we continued in our commitment to provide a consistently excellent and efficient customer support experience. The percentage of calls resolved remotely is still an appropriate high-level measure of support effectiveness and efficiency.

However, the increasing proportion of remote support effort means that onsite maintenance hours per million prints is becoming less useful as a generic measure of support performance than in the past. We will review and develop other more appropriate measures in 10/11.

### Measuring support effectiveness

We are proud that Fuji Xerox leads our industry in customer support, and Fuji Xerox Australia leads all operating companies in the innovative field of eSupport.*

The adoption of approaches developed in Australia by the recently established Fuji Xerox Asia Pacific support operation has brought significant improvements to the region as a whole. In fact regional support targets have been exceeded. However, at the local level this change has led to much of our expertise being focused on regional improvements. This may have contributed to the decline we have experienced in our support effectiveness.

In 09/10 the percentage of issues resolved without visiting customers’ sites dropped from 52.7 percent to 52 percent in 09/10, falling short of our 54.7 percent target. With the regional support centre now well established in Sydney, this trend should be reversed, which is reflected in our 53 percent target for 10/11.

It is also possible that 54.7 percent was an overly ambitious target and that we are reaching a point of diminishing returns with the current level of resourcing, tools and technology available.

We feel confident that we can continue to make incremental improvements through further training and closed-loop learning on call handling gaps, which is provided through feedback from our field engineers. However, in some ways our customer support organisation is testing the limits of what is possible to achieve through eSupport, given the baseline reliability of our solutions.

### Measuring equipment reliability

We currently measure equipment reliability by calculating total hours of a support engineer’s onsite time for every million prints on a device.

For production products, maintenance hours per million prints have increased from 16.2 to 18.3 and consequently fell well short of our 15.7 target. The growing demand of customers for shorter response times, higher quality prints and a greater percentage of colour prints continues to place an increasing demand on our customer support resources.

In addition, the continued shift from larger more robust devices, built for long production runs, to more flexible and lighter production devices also increases the demand for support resources. It appears that these trends will continue at least into the next year. For that reason it will be a good result if we can achieve the 09/10 target of 18.3 hours per million prints in 10/11.

---

*Regional competitive benchmarking study.*

### Customer support

<table>
<thead>
<tr>
<th>Direction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide a consistently excellent and efficient customer support experience.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>09/10 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease customer maintenance hours per million prints to 21.9 (office) and 15.7 (production).</td>
<td>The office target of 21.9 customer maintenance hours per million prints target was bettered, with a reduction from 23 hours in 08/09 to 20.5 hours in 09/10.</td>
</tr>
<tr>
<td>Increase proportion of customer issues resolved without a site visit to 54.7%.</td>
<td>The production target of 15.7 customer maintenance hours per million prints was missed, with an increase from 16.2 hours in 08/09 to 18.3 hours in 09/10.</td>
</tr>
<tr>
<td>Proportion of issues resolved without a site visit decreased by 0.7% to 52%.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10/11 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease customer maintenance hours per million prints to 19.3 (office) and 15.7 (production)</td>
</tr>
<tr>
<td>Increase proportion of customer issues resolved without a site visit to 53%.</td>
</tr>
<tr>
<td>Review appropriateness of ‘maintenance hours per million prints’ target.</td>
</tr>
</tbody>
</table>
For office products, the 21.9 hours per million prints target was easily bettered, with a reduction from 23 hours to 20.5. The continuing improved reliability of our office products is an important factor. The introduction of a more reliable and flexible mobile call management application for our engineers was also a significant operational improvement in 09/10.

To address the challenges with production equipment and to ensure continuing improvement with office equipment the support organisation has set itself a number of improvement initiatives in 10/11. These include:

• streamlining the delivery of training to engineers and customers
• developing the flexibility of the onsite engineers
• increasing resources to support locally developed solutions
• expanding the capability to continuously monitor device status remotely

• streamlining the consumable delivery process
• developing our reporting systems to better analyse service performance.

Customer feedback

‘I’ve found that when I’ve called your support team with problems, they have always ensured they have followed up on the issues, plus returned my calls, which I’m very happy with.’

‘A suggestion I would make would be to have a person come out a few months after installation and do a follow up training session which goes into lots of detail about machine features, as there are still a lot of things I don’t know how to use on the machine.’
Message from our General Manager,
Eco Manufacturing Centre

At Fuji Xerox Australia we are known for our end-of-life product take-back and resource recovery program. With the Eco Manufacturing Centre celebrating its tenth year of operation, this is an appropriate occasion to reflect on our achievements in product stewardship and our strategy moving forward.

Internationally, the centre was recognised by the UN on its establishment in 2000. We won the prestigious Australian Eureka Prize soon afterwards for our innovations in remanufacturing. While some still see end-of-life resource recovery as a cost that must be borne, Fuji Xerox Australia sees it as both an unquestionable environmental obligation and a business opportunity. Over the course of its operations the Eco Manufacturing Centre has achieved a $240 million return on a $22 million investment. The centre has always made simply good environmental and business sense.

The core work of the centre is remanufacturing, with end-of-life products returned to like-new or better performance. While recycling involves the destruction of the product to its component materials, remanufacturing involves preserving the whole form of things. The result is better quality products as the knowledge gained in the remanufacturing process is put back into the design process of new products. The centre also saves Fuji Xerox Australia costs in new product imports, and increases the profitability of our operations, whilst reducing the requirement for raw materials in new product manufacture.

Moving forward, the centre’s new strategy puts us in a strong position to work more closely with Fuji Xerox product development and asset recovery management in the Asia-Pacific region. This will increase the opportunities for our local remanufacturing expertise to influence the global approach to end-of-life resource recovery and share the benefits of those advances more broadly. With planning for relocation to a Green Star facility getting underway in 10/11, these are exciting times for the Eco Manufacturing Centre.

This leadership in producer responsibility has created advocacy drivers for us to share our experience and advance similar standards more broadly. We have been working closely with our peers from the Australian Information Industry Association (AIIA) to establish an extended producer responsibility scheme for the computer and peripherals industry. After six years of extensive consultation between the AIIA and the federal Department of Environment, Water, Heritage and the Arts, national e-waste regulation has been proposed.

But providing a responsible solution isn’t just about end-of-life resource recovery. We have seen strong drivers from our environmentally progressive customers to help them achieve their own environmental targets, especially with regard to reducing carbon emissions. The industry leading energy efficiency of our products means that we are well positioned to support our customers in this area. Our managed print services also provide customers with device consolidation and print efficiency strategies that can dramatically reduce both costs and environmental footprint for large organisations.

Providing responsibly sourced paper is also a significant customer interest and an area where we have focused for several years. We have developed robust standards and we are working to improve our processes for the assessment of compliance with them. While our ultimate goal is to shift this assessment burden to certification bodies, we play an important role in influencing our paper suppliers to address stakeholder concerns. Our position as chair of the Forest Stewardship Council in Australia in 10/11 reflects our commitment to the development of responsible forestry management standards and practices associated with the pulp and paper industry.

Dan Godamunne
General Manager,
Eco Manufacturing Centre
Helping customers become more sustainable

Direction

▶ Demonstrate to office customers how our solution can achieve energy and print efficiency and reduce electronic waste.
▶ Provide production customers with resources to ensure the long term sustainability of their businesses.
▶ Work with services customers to ensure environmental impacts are reduced in document intensive business processes.
▶ Provide supplies customers with responsibly sourced paper and act as a trusted advisor to clients on responsible paper sourcing.

09/10 objectives

▶ Implement ‘Paper Facts’ campaign with supplies customers.
▶ Develop ‘relevant, responsible effective’ campaign for production customers.
▶ Achieve Forest Stewardship Council (FSC) chain of custody certification for our print brokers so that their customers can promote FSC certified print jobs.

How did we do?

▶ The ‘paper facts’ campaign was successfully launched and has been well received.
▶ ‘Relevant, responsible effective’ resources were developed.
▶ Achieved FSC chain of custody certification for our print brokers.

10/11 objectives

▶ Develop initiatives and resources to address more detailed questions regarding carbon footprints of papers.
▶ Launch ‘relevant, responsible effective’ campaign with customers and sales.
▶ Work with Global Services on foot printing of document intensive business processes.
▶ Work with Global Services to embed environmental management practices into their operational frameworks for customer service centres.

Addressing long term sustainability with production customers

A key focus in 09/10 has been the development of resources to help our production customers respond to sustainability drivers in their markets. Their customers in government and corporations have moved to digital communications, citing the environmental performance of print on paper and cost reduction as the major drivers. However the digital footprint of online communications has largely been ignored and there is a growing concern with the exponential growth of information that requires hosting through energy-intensive data centres.

In response we have developed a thought leadership document, addressing this current ‘paper versus pixels’ debate and providing pragmatic advice for customers seeking to remain relevant in an online world.

Relevant, responsible and effective communications

Current debate focuses on whether the print or online medium is more environmentally sustainable. However, eco-efficiency is meaningless without eco-effectiveness. We are guiding our production customers to work with their clients on using electronic or print communications (or a combination of the two) to develop communication that is not only environmentally responsible but also effective in delivering the desired response from audiences.

To fully develop communications effectiveness, the relative strengths and weaknesses of each medium must be understood, along with the strengths of combined media approaches.

No single catalogue, direct mail, television, radio, email, mobile, or billboard delivery provides a one-size fits all solution. Often different mediums deliver the most effective outcomes when used together. We believe that market opportunities exist for printers willing to embrace the new business of printing – one that is relevant, responsible and effective.

The ‘relevant, responsible effective’ campaign is just one of the initiatives we have in place to address the long term sustainability of our production business. In 10/11 we will launch the 1:1 Experience, which is intended to assist our commercial print customers better engage with document generators in the corporate, government, education and SME space. In particular, this program will attempt to demonstrate how clients can better utilise customised one-to-one cross media communications, in a way that does not commoditise the price of printing.
In recent years the sustainability agenda has progressed inside our customer organisations with an increase in the amount, complexity and significance of environmental questions from our customers.

In 09/10 we experienced a growing demand from our customers for information on the sustainability credentials of our products and services and how our technologies can help meet their environmental objectives.

The rise of environmentally concerned customers in Australia has also been noted by our parent company, which increasingly sees Fuji Xerox Australia’s work in response to these customer drivers as providing a model from which the Asia Pacific region can learn. This has been the key focus of the regional CSR working group and the subject of several regional workshops in 09/10.

Industry-leading energy performance

By 08/09 we achieved a 45 percent reduction on the average energy consumption of our equipment based on 1997 levels. Our target is to achieve an 80 percent reduction on 2005 levels by 2020.

In support of this target, in 09/10 Fuji Xerox released our most energy efficient devices to date, making further improvements to our market-leading ApeosPort/DocuCentre office product range through the introduction of award-winning technologies.

These include newly developed induction heating fusing technology (energy saving controller), high intensity white LED print head technology, a digitally enhanced lighting control imaging system as well as EA Eco toner. These new devices are up to 75 percent more energy efficient than the previous product range.

In 09/10 Fuji Xerox won an eleventh consecutive energy conservation prize at the 20th Energy Conservation Center Awards in Japan. This achievement reflects the company’s continuous commitment to developing energy-saving products – in total eight models from the ApeosPort and DocuCentre product ranges were recognised. In addition, Fuji Xerox was awarded the Prize for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology for the development of LED print head technologies.

Industry-leading energy performance

Energy Conservation Grand Prize for Fuji Xerox technology

<table>
<thead>
<tr>
<th>98/99</th>
<th>99/00</th>
<th>01/02</th>
<th>02/03</th>
<th>03/04</th>
<th>04/05</th>
</tr>
</thead>
<tbody>
<tr>
<td>DocuColor 1250 series for two-roll fusing technology</td>
<td>DocuPrint C2220 series for free belt nip fusing technology</td>
<td>DocuCentre 507/607/707 for roll-in-roll fusing technology</td>
<td>DocuPrint 181/211 for quick fusing technology</td>
<td>DocuPrint C2425 series for free belt nip fusing technology</td>
<td>DocuCentreColor a650/f450+ Document Flow System for free belt nip fusing technology + linkage with software</td>
</tr>
<tr>
<td>05/06</td>
<td>06/07</td>
<td>07/08</td>
<td>08/09</td>
<td>09/10</td>
<td></td>
</tr>
<tr>
<td>ApeosPort/DocuCentre C7550 for high speed freebelt nip fusing technology VCSEL</td>
<td>DocuPrint C3050 for free belt nip fusing technology and fanless air flow system</td>
<td>DocuPrint C1100 for ultra small freebelt nip fusing technology and ultra lightweight (cut CO2 emissions)</td>
<td>ApeosPort-III/DocuCentre-III C220/C330/C2205/C3360 and DocuPrint C2250/C3360 for free belt nip fusing technology, energy-saving controller, LED print head &amp; biomass plastic</td>
<td>ApeosPort-IV and DocuCentre IV series for free belt nip fusing technology, energy-saving controller and LED print head</td>
<td></td>
</tr>
</tbody>
</table>
Award winning product innovations

Breakthrough technologies from Fuji Xerox have delivered superb colour speed, better reliability, easy-to-use advanced features and environmentally conscious engineering.

IH Fuser
This newly developed induction heating fusing technology incorporates a thin, non-magnetic metal as the heating layer inside the fuser belt, which enables greater energy efficiency. With this new technology, the fusing unit does not require pre-heating and provides the world’s quickest start-up time of only 3 seconds. This model consumes only 2 watts of power when the machine is in standby mode, setting a new industry benchmark.

High-Intensity White LED
For the first time, Fuji Xerox is using light emitting diode (LED) technology as the light source for image scanning. This enables brightness that is 1.5 times greater than xenon lamps used in conventional devices and reduces power consumption by 70 percent, while achieving greater scanning precision and speed.

EA-Eco toner
EA-Eco toner has a fusing temperature of more than 20°C lower than that of conventional toners, cutting power use by 15 percent.

LED Print head DELCIS
Fuji Xerox has developed a high-precision, LED print head technology with a digitally enhanced lighting control imaging system (DELCIS) that achieves an output resolution of 1,200 x 2,400 dpi. It is equivalent or even superior to that produced by a conventional laser raster output scanner (ROS) system.
End-of-life resource recovery

Direction

- Optimise business and environmental outcomes from end-of-life resource recovery.

09/10 objectives

- 217,000 parts remanufactured and 50 new remanufacture programs.
- Identify and implement more cost and carbon efficient means of transporting end-of-life products back to our facilities.
- Implement more robust product return measurement systems.
- Seek improvements in the processing of our Basel Permit.

How did we do?

- 198,300 parts were remanufactured and 48 new remanufacture programs were developed.
- Modal shift from road to rail has been implemented for end-of-life parts and consumables being returned from Victoria to the Eco Manufacturing Centre in Sydney.
- Our work to implement product return measurement systems has been slowed by lack of resources.
- The processing of our Basel Permit has been improved with the introduction of an application tracking mechanism by our parent company, intended to expedite approvals.

10/11 objectives

- Work with our parent company to simplify approval for new remanufacture programs.
- Secure additional resources to review end-of-life product return, recycling and remanufacturing systems and explore local end-of-life recycling options.
- Prepare for emerging e-waste regulatory requirements.
- Prepare for Eco Manufacturing Centre relocation to Green Star facility.
- 232,500 parts remanufactured and 50 new remanufacture programs.
- $5.9M local benefit through costs saved.

The Fuji Xerox and Xerox Groups have a long-standing commitment to accept responsibility for their products throughout their life cycle, shared by Fuji Xerox Australia.

In Asia Pacific, Fuji Xerox Company Limited has four purpose-built state of the art remanufacturing, reuse and recycling facilities in Japan, China, Thailand and Australia that achieve over 99 percent resource recovery from our products at end-of-life.

We take back 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.

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. There are opportunities to improve the levels of remanufacture and reuse in our ‘closed loop’ systems so that the embodied energy in our product components is retained. Ultimately 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.
Remanufacturing (less energy used than recycling)

Traditional disposal

Collection (end-of-life devices, parts & cartridges)

Disposal (landfill)

Resource recovery

Energy benefit

Energy use

Energy waste

Recycling

Manufacturing

Returned to raw materials

Base material (steel, aluminium, plastic, glass, rubber, etc.)

Manufacturing

Parts

Manufacturing

Raw resource (ores, bauxite, oil, etc.)

Manufacturing

Raw resource

Manufacturing

Energy use

Energy waste

Energy benefit

Disposal

Traditional disposal

Manufacturing

Manufacturing

Products

Customer
Eco Manufacturing Centre

The Fuji Xerox Australia Eco Manufacturing Centre is the Fuji Xerox Asia Pacific hub for the remanufacture of complex sub-assemblies. It is a multi-award-winning, state-of-the-art engineering facility for the remanufacture of parts removed from equipment during service.

Since it opened in 2000 the core activities of the Zetland-based centre in Sydney have shifted to more complex remanufacture programs, reflecting its unique expertise. The more labour intensive aspects of the centre’s operations, such as toner cartridge remanufacture, have moved to our Asia Pacific Integrated Recycling Centre in Thailand.

The Eco Manufacturing Centre is emerging from a period of transition whereby local management had been working with our parent company to confirm a medium range strategy for the centre.

This strategy has now been agreed and will result in the centre working more closely with regional product development and asset recovery management. This will increase the opportunities for our local remanufacturing expertise to influence the global approach to end-of-life resource recovery and share the benefits of those advances more broadly.

Our work developing and implementing remanufacture programs for Fuji Xerox parts and sub-assemblies and Xerox origin products will continue. Remanufactured Fuji Xerox parts and sub-assemblies significantly reduce the costs of our customer support organisation.

By exporting remanufactured products, other operating companies in the region can also benefit from increased profitability. The centre will also continue to act as a total waste management facility, identifying recycling pathways for returned parts, sub-assemblies and cartridges that are not remanufactured.

In the future, there is the potential for it to act as a centre of excellence, providing remanufacturing consulting to other industries and designing remanufacture programs for implementation in the region.

During the year under review, 198,300 parts and sub-assemblies were remanufactured, which was below our target of 217,000 items. This is due to a decline in demand for remanufactured parts, which can in turn be explained by their increased reliability during service. The centre’s 10/11 goal is to remanufacture 232,500 items.

In 09/10 the centre achieved a saving of $5.89 million versus the cost of Xerox and Fuji Xerox supplied alternate parts. Savings would have been higher without currency fluctuations that lowered the price of imported products and made remanufactured items less competitive. Of the 265 remanufacture programs currently in place, 11 had to be cancelled for this reason, although the volume of items under these programs was relatively small.

In 10/11 we will work with our parent company to simplify approval for new remanufacture programs.

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. The centre achieves over 99.8 percent resource recovery from end-of-life products and employed 350 local staff in 09/10.

Between its opening in December 2004 and March 2010, the centre has processed approximately 131,000 products and generated 21,200 tonnes of recycled resources. Our efforts in product stewardship are not just resolving a landfill issue – through parts reuse we avoided 28,130 tonnes of carbon emissions and 4,460 tonnes of new raw material requirement across all Fuji Xerox companies in 09/10.

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 safety 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 09/10, we exported 1,481 tonnes of equipment, parts, cartridges and packaging to this facility for recycling or remanufacture. In the year under review the total amount of end-of-life products gathered from our customers increased marginally from 2,320 tonnes in 08/09 to 3,044 tonnes.†

The weight of equipment recycled has increased by 30 percent on 08/09 levels. As new equipment installations have grown, there was a corresponding increase in end-of-life equipment returned to us. In addition to this, as our market share has grown we have collected more competitive products. However our reporting currently does not allow us to differentiate between competitor product disposed of and our own.

Improvements we make in reporting for regulatory purposes will address this issue. There has also been a 59 percent increase in the weight of assets recovered — this relates to toner bottles that are cleaned, refilled and redistributed. The increase is due to both growing quantities being collected and returned and that they are larger, heavier toner bottles.

† Includes a small amount of waste from Eco Manufacturing Centre office operations.

Award-winning resource recovery

In 09/10 Fuji Xerox was recognised at the nineteenth Nikkei Global Environmental Technology Awards in Japan with the Monozukuri Special Environment Award.

The award recognises best practice approaches to conserving the environment at monozukuri (manufacturing) plants both inside and outside of Japan.

The Fuji Xerox integrated recycling system and its industry first reverse logistics network for recovering used products and cartridges across China was recognised, as well as its pioneering introduction of reuse and recycling technologies in China.

In 10/11 we will explore local equipment recycling options that can achieve a similar recycling rate to our dedicated facility in Thailand as part of our broader review of product return systems. Although there have been no issues with our well-managed operations, there is a growing trend against the off-shoring of e-waste due to poor waste management practices in developing countries. Meeting the requirements of the Basel Permit has also been a resource intensive exercise and costly delays have been encountered in the process.

We are hopeful that improved business efficiencies and equal if not better environmental outcomes can be achieved through a local e-waste recycling strategy.
Optimising end-of-life product return

As a leader in product stewardship we have invested significant resources in collecting and recycling our end-of-life products. It is important that our systems and processes achieve the best business and environmental outcomes, particularly in light of emerging regulatory drivers. A cross-divisional product stewardship committee is focused on optimising the business and environmental efficiency of our end-of-life resource recovery systems.

The following drivers inform the committee’s activities:
• e-waste regulation coming into effect in 2011
• increasing demand for customer environmental accounting
• need to identify business and environmental efficiencies in product return process.

The committee’s purpose is to respond to these drivers through the following measures:

Reviewing product return logistics
In the past, the committee has implemented a number of discrete improvement opportunities such as modal shift from road to rail for interstate product returns. However we recognise that a broader review is required and that limited resources are available to conduct this work. In 10/11 we will contract a product stewardship manager who will complete a comprehensive assessment of our product return systems and processes, including reverse logistics and local recycling options.

Establishing product return measurement system
For some years our goal has been to measure the rate of total product return from our customers to our remanufacture and recycling facilities as a percentage of new products distributed. This is a complex cross-divisional undertaking and while we have made continual progress year on year, we are disappointed by the slow pace. Work is still required to improve procedures and measurement systems to ensure the volume of outgoing and returned products is appropriately recorded. The development of federal e-waste regulation will mandate that the company expedite this work.

This task will be assigned to the new product stewardship manager. In the interim we will continue to 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.

Identifying business efficiencies and new business opportunities
The new product stewardship manager will have an objective to improve the business efficiency of product return systems through a streamlined approach. Any new approach must take into account the increasing customer requirements we have to provide organisation specific product return and recycling reports.

Advocating for extended producer responsibility
Fuji Xerox Australia actively participates 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 waste 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 our peers from the Australian Information Industry Association (AIIA) to establish an extended producer responsibility scheme for the computer and peripherals industry. After six years of extensive consultation between the AIIA and the federal Department of Environment, Water, Heritage and Arts, a national e-waste regulation has been proposed. We will continue to take an active role as the regulation is developed to ensure it meets community environmental expectations as well as industry conditions.

Business Imaging Association of Australia
We have also been working with the Business Imaging Association of Australia (BIAA), an association representing business document-solution providers, to establish a code of environmental practice for the industry. This work has been superseded by the proposed e-waste regulation. Our focus now is to ensure our industry is well prepared to respond.

E-waste round table, May 2010, Sydney. Hosted by Fuji Xerox Australia and attended by representatives from federal and state government, recycling and ICT associations and environmental organisations.
Responsible paper sourcing

Direction

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

09/10 objectives

▶ Secure 100% paper supplier compliance with minimum standards in 09/10 and ask for improvements in the management of issues of primary stakeholder concern.

How did we do?

▶ Due to staff transition, the 09/10 assessment of compliance was not conducted until two months after the close of the year under review. Nonetheless stakeholder concerns have been regularly monitored and raised with paper suppliers.

▶ Conduct internal briefings on ‘paper facts’ and develop marketing resources to establish a consistent corporate position on paper and the environment.

How did we do?

▶ A microsite with supporting white paper and brochure has been developed and these materials were shared with all staff.

▶ Integrate stakeholder feedback into sustainability standards and assess compliance at the close of every financial year.

How did we do?

▶ Stakeholder feedback has been incorporated into our standards and they have been published.

▶ Review paper procurement process and integrate new sustainability standards with other business requirements.

How did we do?

▶ This exercise was deferred until 10/11 due to staff transition.

10/11 objectives

▶ Develop and deliver detailed ‘paper facts’ training for supplies sales and provide ongoing updates on emerging environmental issues.

▶ Improve the administration of our assessment of compliance and establish a process for dealing with non-compliance.

▶ Secure 100% paper supplier compliance with minimum standards and ask for improvements in the management of issues of primary stakeholder concern.

▶ Report on the 10/11 assessment of compliance and establish a process for disclosing to stakeholders how we perform against the commitments made in our paper sourcing standards.

▶ Review the broader paper procurement process and identify when the assessment of compliance should occur and how it should be integrated with regular procurement activity.

▶ Out of total paper sales 85% to be FSC / PEFC certified or recycled stocks.

Fuji Xerox Australia is committed to enabling the efficient use of paper and to working only with responsible paper manufacturers and suppliers. Paper use is a tangible form of consumption and waste in the office environment more so than other less visible activities, which can sometimes have a larger footprint.

Efficiency programs are often a customer focus for both cost and environmental reasons. While we acknowledge this creates some challenges for an historic business model based on encouraging customers to print, our new service lines and solutions are designed to enable efficient printing and business process improvements. This reflects that our industry and our business is growing towards providing integrated document services, while we will continue to satisfy customer needs by providing a comprehensive, high-quality and sustainably sourced range of papers.

Paper production has a range of environmental impacts, both positive and negative, that are not well understood by those outside the industry. The paper industry has improved its environmental performance across a range of indicators. Although that cannot be consistently said of every producer, we work with only those producers that meet our standards.

Our customers are often confused on this issue, under pressure to make sustainable procurement decisions and need help to do so. Our position is to act as a trusted advisor to our customers on this topic and enable them to source paper responsibly and use it efficiently.

‘The Fuji Xerox Australia goal is to source all papers from sustainably managed plantation trees or recycled pulp and to transparently communicate papers’ environmental impacts to our stakeholders. [The fact] that 65% of our total sales in 09/10 were of certified or recycled papers demonstrates our commitment to that goal.’

Craig Flavell
General Manager,
Supplies
Assessment of compliance with standards

In the year under review we have published our revised sustainability standards for paper sourcing, having sought feedback from suppliers and industry experts from non-government organisations. If areas of non-compliance are found, our approach is to work with progressive suppliers to ensure standards are met. If improvements are not seen within a specified timeframe alternate supply arrangements will be made.

Since the close of the year under review we have asked all our suppliers — 14 paper mills — to respond to a detailed questionnaire on our revised standards. We have received completed responses from all. An evaluation of these responses is underway to assist in future mill selection programs. We have already identified some issues with one supplier whose FSC ‘Controlled Wood’ certification has been suspended. We have raised our concerns with this supplier and will monitor the situation closely.

Bringing certified paper stock to market

Fuji Xerox Australia has helped develop the market for certified papers by working with our suppliers to eliminate price premiums for these products and actively promoting the benefits of certified papers to our customers. In 09/10 we took the decision to move the supply of two significant paper ranges to mills that were certified. We are very pleased to see the percentage of FSC/PEFC certified paper sales rise from 11 percent to 57 percent and recycled papers from 0.2 percent to 8 percent. This achievement is aligned with our overarching direction to source paper only from certified suppliers.

Educating stakeholders

The Fuji Xerox Australia goal is to develop resources and implement communication strategies so that we can be a trusted advisor to clients on responsible paper sourcing. A set of ‘paper facts’ resources were developed and rolled out in 09/10. The purpose of the campaign is to ensure our staff understands this complex area and that our customers have access to objective information about the basic issues surrounding paper and the environment.

We will continue to update this information and develop briefs on emerging issues and findings to our staff and customers.

### Recycled paper stocks

<table>
<thead>
<tr>
<th>Product name</th>
<th>Size</th>
<th>GSM</th>
<th>Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>GreenWrap® 60 % Recycled Content</td>
<td>A4, A3</td>
<td>80</td>
<td>PEFC</td>
</tr>
<tr>
<td>Recycled Pure+ 100 % Recycled Post Consumer Content</td>
<td>A4, A3</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>MagicColour (White, 5 Tints) 100 % Recycled Post Consumer Content</td>
<td>A4</td>
<td>80</td>
<td></td>
</tr>
</tbody>
</table>

### Certified papers

<table>
<thead>
<tr>
<th>Product name</th>
<th>Size</th>
<th>GSM</th>
<th>Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business+™</td>
<td>A4, A3, SRA3</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>iGen Cover Gloss &amp; Matt</td>
<td>364x521</td>
<td>350</td>
<td></td>
</tr>
<tr>
<td>Quickpack</td>
<td>A4</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Performer+™</td>
<td>A4, A3</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Colotech+™ Supergloss</td>
<td>A4</td>
<td>160–210</td>
<td>FSC</td>
</tr>
<tr>
<td></td>
<td>A3</td>
<td>210</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SRA3</td>
<td>210–275</td>
<td></td>
</tr>
<tr>
<td>Colotech+™ Gloss &amp; Silk Coated</td>
<td>A4, A3</td>
<td>120–210</td>
<td>FSC</td>
</tr>
<tr>
<td></td>
<td>SRA3</td>
<td>120–350</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SRA2</td>
<td>120–280</td>
<td></td>
</tr>
<tr>
<td></td>
<td>521x364mm</td>
<td>210–280</td>
<td></td>
</tr>
<tr>
<td>Colotech+™</td>
<td>A4</td>
<td>90–280</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A3, SRA3</td>
<td>90–350</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SRA2</td>
<td>90–250</td>
<td></td>
</tr>
<tr>
<td>Colotech+™ Digital Gloss &amp; Silk Coated</td>
<td>SRA3</td>
<td>90–300</td>
<td></td>
</tr>
<tr>
<td>Professional™</td>
<td>A4</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Symphony™ Pastel/Mid/Dark Tints</td>
<td>A4, A3</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Symphony™ Mid/Dark Tints</td>
<td>A4</td>
<td>120, 160</td>
<td>FSC</td>
</tr>
<tr>
<td>Quickpack 4 hole</td>
<td>A4</td>
<td>80</td>
<td></td>
</tr>
</tbody>
</table>
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 is our higher benchmark.

A central database is used to record all regional incidents. The incident, the class and all relevant information about the case are 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 onsite. 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 ‘critical incidents’.

Product safety performance

In 09/10 we took part in the annual product safety self-assessment process, which is coordinated regionally. Although the rigour with which individual safety incidents were reported and actioned was without issue, the way in which product safety performance was reported to the senior management team for their input and review was identified as an area for improvement. Product safety has been added to the agenda of the customer support review so that our performance can be reviewed quarterly with senior management. The management of third-party suppliers that provide us with products, such as finishing equipment, has also been identified as an area for improvement in 10/11.

We have had no incidents of non-compliance with any Australian safety regulation occurring in 09/10. Our product safety performance indicates that 90 percent of cases logged are due to odours from our devices. This pattern of incidents is normal and can be attributed to new equipment with a new type of toner emitting a different smell. Paper jams can cause a burning smell against a hot fuser roller but this type of odor is a normal occurrence.

We had one significant product safety issue with equipment fumigation processes overseas leading us to recall and replace 220 devices in the October–December period. In the early part of October, we became aware of rust spots and, in some cases, the emission of an unpleasant sulphur-like odour from a limited number of devices recently imported in shipments from Hong Kong.

We immediately commissioned independent experts to investigate these issues and made our parent company aware of the problem. It was soon concluded that the rust and odour was unlikely to pose a health risk to customers or employees. However as a precautionary measure only, we took the decision in late October to proactively collect and replace affected devices over the next four weeks.

Subsequent to comprehensive testing of all affected devices, it was confirmed that the fumigation process in Hong Kong caused the rust and odour. There was never any evidence that the affected devices posed any health risk to our people, customers or their representatives.

### Product safety classifications

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

### Product safety performance: number of incidents

<table>
<thead>
<tr>
<th>Class</th>
<th>06/07</th>
<th>07/08</th>
<th>08/09</th>
<th>09/10</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>B1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>B2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>C1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>C2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>C3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>C4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>D</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>61</td>
</tr>
<tr>
<td>Total</td>
<td>06/07</td>
<td>07/08</td>
<td>08/09</td>
<td>09/10</td>
<td>338</td>
</tr>
</tbody>
</table>

06/07 07/08 08/09 09/10

0 incidents 50 incidents 100 incidents 150 incidents 200 incidents 250 incidents 300 incidents 350 incidents 400 incidents
Message from our General Manager, Human Resources

Fuji Xerox Australia has seen some significant changes throughout 09/10. There has been a leadership transition as well as changes within the executive leadership team. This has provided a platform for some significant organisational developments.

The organisation is aligning itself towards the new vision and our divisions are beginning to unite in striving towards our 2015 mission, to be the leader in integrated document services. New leadership has fostered an empowering and collaborative culture within our cross-divisional management community and there have been significant investments in corporate communications.

As this cultural and strategic shift continues, Human Resources will play an important role in ensuring that we can access wider talent pools and position the organisation for future success. Our goal of being an employer of choice by 2015 is an ambitious one, but we embrace it. We are developing a purpose-driven, values-led organisation that will be a place where people aspire to work. As we move to this type of organisation there are some fundamentals that will need to be addressed in order to emerge as an employer of choice, especially in the area of diversity.

While we focus on the future development of a sustainable business model for Fuji Xerox Australia, we must also maintain the strengths of our current business. 09/10 was a challenging year, with the impacts of the global financial crisis providing a degree of uncertainty to our people. However our business results show that the organisation achieved success despite the prevailing economic conditions.

Our attrition rate has slowed, in line with the experience of other organisations, and our involuntary terminations have increased as we streamline and organise our business for future needs.

Similarly, while we have looked forward to future organisational design and development, we have not lost sight of the need to ensure our ongoing commitment to the development of our employees is sustained. The 09/10 period was notable for continued investment in a broad and blended range of development activities. This will ensure that our approaches to learning are flexible and fit for purpose.

With regards to employee engagement, we acknowledge that 10/11 will provide further challenges. We have been disappointed by a reverse in our employee engagement score and will work to understand the underlying causes and develop strategies to address them.

One clear opportunity for improvement is to create a more consistently engaging experience for our people, irrespective of position, division or location. Our determination to move towards best practice in employee engagement has not waned and we will work to identify and address engagement drivers in every division.

Building a stronger engagement platform with our employees and ensuring we actively manage our people’s performance will help ensure we reach the goals we have articulated in our vision and mission for 2015.

Beth Winchester
General Manager,
Human Resources
Employee engagement

Direction

- Be an employer of choice by 2015.
- Improve levels of employee engagement in line with Hewitt’s best employer’s score.

09/10 objectives

- Target 5% improvement in engagement levels in 09/10.
- Run employee engagement focus groups and prepare action plans to address issues arising.

How did we do?

- Overall engagement levels decreased from 59% to 55%.
- Completed engagement focus groups and prepared action plans to address issues.

10/11 objectives

- Target improvement in overall engagement to 60%.
- Run employee engagement focus groups and prepare action plans to address issues arising.

Having a highly engaged workforce is key to reaching our goal of being an employer of choice by 2015. Reaching this goal will mean that we have access to a wider talent pool and will be able to attract and retain critical talent to meet our business objectives.

Engagement levels

We conducted our third engagement survey in March 2010 with a participation rate of 67 percent, in comparison to 68 percent in our 08/09 survey. The key findings indicate that 55 percent of employees are fully engaged, down 4 percent on the previous survey, and 24 percent are nearly engaged, up 1 percent.

We are disappointed with this result and will seek to fully understand the reasons for this change and the key areas where we need to focus our activity over the next year. Our next survey will be conducted in April/May 2011.

Engagement drivers

The key drivers that have been highlighted at an organisational level have remained consistent with previous years. In 09/10 we worked to improve these areas, though immediate results may not be evident in our current employee engagement results. However many of our initiatives involve a longer term cultural shift, so results will come slowly.

Brand alignment

Ensure we live up to the promises we make to our people.

The question of brand promises relates to how well we live the values in our business. Our performance measurement system now includes an assessment of values behaviour, on which decisions are taken. Results indicate that there has been some improvement in the living of our values.

Career opportunities

Provide a clear framework of how to progress in the organisation and define what success looks like.

The review of position descriptions and implementation of a robust performance management system have clarified to our people what is expected of them to be successful. Our talent program also provides a framework for nurturing our high-achievers and developing their full potential. Lunch and learn sessions have been provided to all on development planning so that productive discussions can be had on employee career planning.

Communication

Improve the mechanisms and approach we take to keeping our people informed.

There has been significant investment in corporate communications with the establishment of a dedicated team. Improvements have been made to corporate newsletters and site communication meetings, making them more conversational in tone. The availability and visibility of the leadership team has increased through simple measures such as locating the monthly executive team meeting in different sites.

Change management

Improve the way we implement changes in the organisation.

The corporate communications team also offers change management communications and advice and improvements have been made in how we communicate significant changes to our business.
Our engagement results also indicate where our employees have positive experiences in the workplace. In 09/10 our positive drivers have been in the areas of sustainability, teamwork with colleagues, customer responsiveness (internal and external), diversity and the physical work environment. While further improvements may not influence engagement levels, if we regressed in any of these areas there would be a negative impact on engagement levels.

We will run focus groups in 10/11 to review survey findings with employees across all divisions and ensure we fully understand employee issues. At the conclusion of these focus groups we will prepare action plans at a corporate, divisional and local level.

We have noticed that employee experiences within our organisation appear to be inconsistent across our divisions and geographic locations.

A key focus in 10/11 will be to ensure there is a more consistently engaging experience for all our employees, irrespective of division, location or position. With 95 percent of the management community’s variable pay linked to divisional employee engagement results, we are sending a clear signal to the business of the priority we place on this issue.

### Organisational development

<table>
<thead>
<tr>
<th>Direction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition to culture of manager-led development.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>09/10 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Continue management training program.</td>
<td>• Management training program delivered 7 times to 91 people in 09/10.</td>
</tr>
<tr>
<td>• Roll coaching for capability development program out to sales managers (level 2 focuses on development coaching so that managers can coach others to become coaches in turn).</td>
<td>• Coaching for Capability level 2 program was not developed due to lack of resources. However, sales manager coaching was continued and a national sales coach has been appointed to fully support the sales managers in their coaching activities and to develop the stage 2 program in 10/11.</td>
</tr>
<tr>
<td>• Extend ‘sales manager as coach’ program to other divisional managers.</td>
<td>• 36 managers from other divisions have attended coaching for performance program.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10/11 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Define management capability required to achieve our 2015 vision.</td>
</tr>
<tr>
<td>• Identify and fill gaps through targeted development, talent management and acquisition.</td>
</tr>
<tr>
<td>• Roll coaching for capability development program out to sales managers (level 2). This will develop a consultative selling approach, focused on creating value for our customers.</td>
</tr>
<tr>
<td>• Implement optimal organisation design to deliver business performance improvements.</td>
</tr>
<tr>
<td>• Continue to refine and improve the HR capability, structure, systems and processes.</td>
</tr>
</tbody>
</table>

Organisational design and development continues to be an important focus inside Fuji Xerox Australia. By aligning our structure with our strategy we will ensure that we have the people, culture and capability to deliver our vision, mission and business objectives.

We believe that capability is a long-term competitive differentiator and that our success will depend upon how well and how fast we identify and build the capabilities we need now and in the future, through targeted development and talent acquisition and management programs.

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 encourage employees to move between divisions and encourage our people to take on different roles when they are ready for new challenges.

Manager-led development

We are continuing on our journey to drive a culture of strong engagement and high performance through manager-led development. Our 09/10 achievements and 10/11 commitments include:

- Level 1 certification of all sales managers in the Integrated Sales and Marketing Division ‘sales manager as coach’ program. Level 2 of this program will be rolled out in 10/11.
- The establishment of the management community within Fuji Xerox Australia – this includes the general managers and their direct reports, our top 70 leaders. The purpose of the community is to collectively develop strategy and effectively lead our people to achieve our vision, mission and strategy whilst role modelling our values.
- Successful continuation of the management training program focusing on the role of the line manager in driving performance and building engagement. Over 140 people have attended since the launch in early 2009.
• Introducing and continuing to offer the coaching for capability development program to managers throughout the business, with the goal of all managers being able to demonstrate basic coaching skills and developing a coaching culture. So far 69 people have attended this program, which was developed in 09/10. It supports our transition to manager-led development and the ability of managers to support on-the-job development throughout the organisation. All managers will be offered attendance at the course over the next 2–3 years.

• Completing capability definitions in our company. In 09/10 we completed the capability definition for all positions in Global Services, Integrated Sales and Marketing, Corporate Affairs and Human Resources divisions. This enables the assessment of capability levels against strategy and the definition of on-the-job development initiatives going forward. In 10/11 the definition of role accountabilities and organisational review will be completed in Customer Support Organisation, Eco Manufacturing, Business Services, Document Supplies and Supply Chain Operations.

• Embedding the performance management system with a continued focus on quality of business objectives. In 09/10 only 55 percent of our people completed end-of-year reviews. We will work to improve the completion rate in 10/11.
Training

While formal training has a role to play in the development of organisational 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, which has reduced the emphasis we place on external training. In 09/10 year, 43 percent of the permanent workforce participated in off the job training.

This year we trained 24 percent of female employees and 51 percent of male employees, with most training delivered to staff in technical services or sales roles.

---

‘One FXA’ management workshop

In 09/10 Fuji Xerox Australia brought together all seventy senior managers for a series of off-site workshops. The purpose of the community is to collectively develop strategy and effectively lead our people to achieve our vision, mission and strategy whilst role modelling our values.

---

Culture

Our culture represents a point of difference against other organisations and we are proud of the positive attributes we see displayed by our employees’ open and mutually supportive behaviour. As the organisation matures and develops we understand that our culture needs to respond accordingly.

Our vision for 2015 is to be a purpose-driven values-led organisation that will be a place where people aspire to work. As we move to this type of organisation there are some fundamentals that will need to be addressed in order to emerge as an employer of choice in 2015. One key focus for 10/11 is to agree what the vision of being an Employer of Choice in 2015 means for our organisation and how we will get there.

We have already identified some key strategies including:
- improvements in and increased use of flexible work practises
- development of part-time positions to source key talent
- accreditation as an Employer of Choice for Women
- improvement in the number of women in key senior roles.

Gender diversity is a key theme underpinning these strategies. During the year in review we have progressed our workplace diversity agenda as follows:
- reviewed and updated our suite of HR policies to ensure gender inclusive language is used
- amended our previous family leave policies to be gender inclusive
- altered our previous maternity leave payment of six weeks to be paid at the commencement of leave, not on return to work.
**Staffing levels**

We employed a total of 1,851 people at the close of the year under review. Our overall headcount has remained virtually static, with a drop in permanent full-time employees balanced by an increase in casuals.

This is mainly associated with the challenging business year we had, and hiring employees to fulfil specific customer contract obligations as our outsourcing business grows. In the future we will work to increase levels of permanent recruitment as we position the organisation for growth in new areas.

* This excludes contractors as our systems do not currently allow them to be counted.

During the reporting period 218 permanent employees left employment, approximately one fifth of this turnover relates to redundancies initiated to meet changes in the economic conditions during the reporting period.

The drop in our rate of attrition from 18.6 percent in 08/09 to 12.6 percent in 09/10 is steeper than the industry average, which dropped from 17.6 percent to 15.8 percent over the same period. These figures indicate that our people appreciated the security of employment we offered in a weak employment market. Our challenge will be to continue to retain our people as the competition for talent resumes. The following charts show the make-up of our workforce based on employment category, gender and region.
Occupational health and safety

Direction

- Embed a safety culture.
- Implement benchmark systems, processes and tools so that OHS risks and associated injuries are addressed.

09/10 objectives

- Establish a cross-divisional OHS steering committee to develop an OHS strategy and to recommend the investments required in systems and resources to deliver that strategy.
- Improve systems supporting incident and injury reporting and implement a robust reporting process and data capture system.
- Establish a lost time injury frequency rate (LTIFR).
- Improve the processes for managing risks in the workplace by increasing the number of OHS site committees, conducting audits and ensuring OHS is on the agenda of site management review meetings.
- Conduct refresher awareness courses on manual handling techniques and forklift safety for all warehouse staff.
- Review response to OHS risks with service engineers.

How did we do?

- A cross functional OHS steering committee was established to draft and review a framework for a corporate OHS strategy. One of the first and foremost recommendations of this group was to increase resources and realign responsibilities for our overall OHS program.
- A database has been developed to assist in the analysis of injuries, incidents and claims. Separately we have brought our claims process back in-house for better control, responsiveness and visibility.
- In 09/10 we had 27 work-related lost time injuries. Our LTIFR was 8.7.
- Twelve OHS committees are active with another two to be established in 10/11; the remaining six sites all have OHS representatives. There were 41 workplace inspections. Our new health and safety manager will improve how OHS is addressed during site management meetings.
- 412 warehouse, engineer and services staff undertook ‘BackSafe’ training and 90 warehouse staff undertook forklift refresher training.
- While there is still a need to develop an overall risk assessment framework, we rolled out several training programs during the year specifically aimed at mitigating risks identified during 08/09. In addition, significant work has commenced in Supply Chain Operations, especially in traffic management, in response to two serious forklift incidents this year.

10/11 objectives

- Recruit a national OHS specialist to work with our executive team and the OHS Steering Committee in developing strategies to embed a safety culture in the business.
- Create and implement benchmark rehabilitation and injury management systems and processes.
- Identification and elimination of unacceptable risks in the workplace through further development and operational deployment of the new incident and injury database. In addition to LTIFR reporting, the final phases will allow for causal analysis and identification of high risk areas.
- We are targeting a minimum 10% improvement in LTIFR for 10/11 and will benchmark our performance against other similar operations.
- The development and implementation of an OHS risk assessment framework, including a more rigorous site audit program.
- Raise our people’s knowledge and awareness for safe work practices.

OHS management

Since the establishment of an OHS executive steering committee, we have identified a range of recommendations to address concerns raised in previous reports. In the year under review progress was made on developing an OHS strategy to maximise the safety, health and wellbeing of our employees.

This will take a phased approach, focusing on managing pressing safety risks at first. Our broader approach is to go beyond compliance and build a safety culture in our business. One opportunity to increase levels of employee engagement in OHS is to seek their direct feedback on our safety programs, which will provide more depth to the OHS findings that come through our employee engagement survey.

In 09/10 we took steps to increase resources and improve systems dedicated to OHS as well as addressing specific risks. We also resumed direct management of injuries and incidents. Although we had some success with our outsourced model, we required better management of smaller incidents and reporting overall.

With regard to systems, we took two important steps towards managing and reporting all incidents, injuries and near misses from our employee base. We also implemented a national system to record all incidents, injuries and near misses and we developed systems and processes for managing workers compensation records and cost management. In 10/11 we will develop an online injury/incident form and introduce national injuries reporting to key site meetings for all our locations.

With regard to resources, we appointed a rehabilitation officer to provide national claims and rehabilitation management. We also retained the services of an external company doctor to provide expert advice in injury management. Although it is too early to report fully, initial indications suggest we are already seeing benefits in more effective management of our employees’ injuries and return to work.

In the area of risk assessment and mitigation, we ensure that any identified risk, including any significant incident, is investigated through our OHS committees and representatives. The role of the OHS committee is to act as the principal forum in which management and employees consult on health and safety issues.
They assist in reinforcement and promotion of good safety performance by conducting workplace inspections and advising on ways of eliminating hazards and risks in the workplace. These committees report and monitor safety performance and make recommendations on matters such as training and education in workplace health and safety. It is important that their recommendations are fully considered at key site meetings and we have identified an opportunity for improvement in that area.

We deferred taking piecemeal steps in that area, so that our new health and safety manager could implement a more comprehensive approach. Having identified specific risk in 08/09 we conducted several different training programs. A total of 412 warehouse, engineer and services staff undertook ‘BackSafe’ training and 90 warehouse staff undertook forklift refresher training.

OHS performance

The progressive implementation of a new incident and injury database now enables us to accurately record and report LTIFR. During 09/10 our LTIFR was 8.7 derived from 27 lost time injuries. Almost half of the total days lost were accounted for by three reported injuries. Improved rehabilitation processes have been implemented during the year to address return to work in combination with actions to fundamentally reduce workplace injuries and incidents. Following an extensive training program, the absolute number of musculoskeletal injuries has declined, although they still account for 65 percent of total injuries.

Regrettably, we faced two serious incidents in 09/10. The first related to the receipt of shipping containers from Hong Kong that had not followed correct operating procedures for fumigation aeration. This resulted in an odorous residue residing in some of our products. Immediate actions were put in place to minimise any possible adverse impacts to health. Independent chemical analysis confirmed that while this incident was likely to have caused varying degrees of rust contamination, there were no harmful effects to staff or customers who may have come into contact with affected machines. New work safe methods for testing containers before and immediately after they are opened have been implemented along with a flow chart outlining the process to be followed and safety procedures to be applied.

The second incident resulted in an employee requiring hospitalisation after suffering a serious injury whilst driving a forklift truck. An internal investigation commenced hours after the incident occurred. Workcover NSW recommendations have been implemented in the areas of shift manning, security, cleaning safety procedures and forklift refresher training to avoid any recurrence. The employee in question has returned to work performing light duties and driver refresher training will be provided once medical clearance to resume full duties has been given.

The company has given these two incidents substantial attention and carefully considered whether our current OHS approach is adequate. As a result of an external benchmarking exercise by the OHS steering committee, additional qualified staff resources have been approved to accelerate our progress towards a more robust OHS approach. While technical assessment of areas needing improved safety orientation and systems will be a focus, the overarching need for an improved safety culture is an absolute priority.
Influencing sustainability outcomes

What is in this section?
- Message from our General Manager, Integrated Sales and Marketing Division
- Engaging business partners in sustainability
- Staff engagement in community programs

Image by Tiffany So, Fuji Xerox Australia, North Ryde

Message from our General Manager, Integrated Sales and Marketing Division

This year has seen a significant increase in the scale and quality of involvement of our stakeholders in our sustainability agenda. Our efforts have focused on employee community volunteering, engaging our indirect sales channel through a dealer sustainability program and putting in place the fundamentals of a system to better manage our suppliers and begin to engage them on sustainability.

Employee involvement in our community activities is particularly pleasing. A network of community champions across every site is entering its second year. This has greatly helped us to actively leverage our centre-led coordination and maximise the opportunities provided by the Australian Business and Community Network (ABCN) and United Way in particular.

These efforts have led to community volunteering opportunities for 418 of our 1,851 employees, leading to a total of 4,417 volunteer hours in the year under review. This roughly quadruples the 111 volunteering opportunities totalling 969 volunteer hours that our people experienced in 08/09. These figures demonstrate a ground swell of enthusiasm from our people, improved local and central management of community activities and increased levels of visibility for executive support of community engagement activities.

Local fundraising efforts also performed well but we were disappointed with only a small increase in the number of WorkPlace Giving participants. We have honed our strategy moving forward to link the volunteering activities of our people with specific and ongoing relationships in each local community. We will pilot this new approach with United Way, which has been undertaking some significant strategic work on a new ‘community impact model’, intended to develop a more participatory partnership and evidence-based approach to resolving social issues. We believe this will help us create more meaningful and ongoing impact with the communities we help, and deliver more rewarding human connections for our community volunteers.

The engagement of our dealers in the environmental area has also improved, with some notable leaders emerging. However, this is not yet endemic across the dealer community and we need to work harder to engage all the dealer principals in understanding the benefits to them and their local communities from investment and success in this area. The development of a tiered dealer sustainability program will allow us to bring emerging leaders further forward, whilst providing a flexible framework for others to continue their early efforts on environmental sustainability.

Engagement of suppliers has also improved this year. We have begun to catalogue and analyse opportunities and risks through a solid database and risk management framework. This approach is still in its infancy and we intend to solidify and expand it in 10/11. We also plan to build a stakeholder engagement framework for our suppliers. There has been little coordinated approach in the past, so this will involve creating new engagement mechanisms.

Andy Berry
General Manager, Integrated Sales and Marketing Division
Engaging business partners in sustainability

Direction

- Work through the Xerox and Fuji Xerox Group to assure integrity of our product supply chain.
- Assess paper suppliers’ sustainability credentials and establish a path for continuous improvement (see ‘providing a responsible solution’).
- Work with key suppliers to provide low-carbon products and services (see ‘minimising environmental impact’).
- Ensure environmental, social and governance standards are applied to indirect procurement.
- Share sustainability standards with our indirect sales network.

09/10 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>The supplier database was developed.</td>
</tr>
<tr>
<td>A risk assessment framework for suppliers was developed and integrated into the supplier database. However there is limited functionality to assess, record and monitor sustainability risk, which will require further enhancements.</td>
</tr>
<tr>
<td>Procurement policies and processes have been reviewed.</td>
</tr>
<tr>
<td>Dealer sustainability standards were revised. Of the 24 dealerships that applied to participate only 12 fully completed the requirements of the program.</td>
</tr>
<tr>
<td>Resources were assigned to build dealer sustainability capability and webinars were conducted approximately every quarter.</td>
</tr>
</tbody>
</table>

10/11 objectives

- Continue updating supplier information in our new supplier relationship management database.
- Develop two-way engagement mechanisms with suppliers so that we can learn from feedback on our relationships with them.
- Develop a more rigorous approach to sustainability risk assessment with suppliers.
- Embed new procurement policy and processes by mentoring staff through significant procurement events.
- Develop three-tiered dealer sustainability program, making end-of-life product recycling mandatory and allowing leaders to be recognised.

Responsible procurement

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.

Our goal is to share our sustainability standards with our suppliers and work with them to improve environmental, social and governance outcomes.

Our overall spend can be broken into the following categories:
- payments to permanent employees and government
- inter-company purchase of equipment, parts and materials for service
- purchase of paper and document supplies from international and local suppliers
- international and inter-state equipment transport and delivery
- service engineer motor vehicle fleet
- facilities costs associated with the maintenance and operation of our business sites
- other purchases, including office supplies, telecommunications, consulting, marketing, recruitment and training costs
- staff travel.

While we rely on the Xerox and Fuji Xerox Groups to assure integrity of our product supply chain, we are responsible for developing, applying and monitoring sustainability standards with our paper suppliers (see ‘providing a responsible solution’).
Regarding other procurement activity Fuji Xerox Australia has embarked on a journey to be a better customer to its suppliers and as a result is developing and introducing the necessary people, processes and technologies. One key to improving supplier relationship management is the supplier database that will assist in performance and risk management of suppliers.

Another key initiative is to provide technology platforms to streamline the creation of purchase orders and to allow efficient tracking of and invoice matching. Ultimately, working smarter and more collaboratively with suppliers will assist in reducing waste and extracting costs from the whole supply chain.

Looking at sustainable supply chain management more specifically, our approach is to use a ‘gateway’ sustainability code for all suppliers and develop specific environmental, social and governance requirements for ‘high risk’ suppliers.

To help us monitor and report on supplier performance more clearly, we are consolidating supplier data into a new database. This incorporates a limited risk assessment framework for suppliers.

We plan to build on this in 10/11 by developing a more rigorous process for sustainability risk assessment and assessment of compliance with our code. The following chart depicts our procurement activity by these categories and indicates with an asterisk where we have begun to apply environmental standards.

**Procurement performance**

09/10 has been an interesting year in regards to managing suppliers and maintaining business priorities. Supplier vulnerability increased due to the global financial crisis, which highlighted the need for security of supply to be managed through the procurement function. We did not lose any suppliers due to the crisis and worked with suppliers who asked for improved payment terms so providing financial relief.

There were opportunities for Fuji Xerox Australia to go to market for a range of products and services and in many instances the incumbents were successful. In a small number of supply chain operations’ tenders, sustainability commitment and credentials led us to move away from particular incumbents.

Another significant development in 09/10 has been the piloting of ‘purchasing cards’ that will allow a streamlining of payments and reduction in supplier administration a benefit to both parties. We also took on board feedback that our suppliers could be better engaged by us on the sustainability journey and launched our first Supplier Sustainability Bulletin. In 10/11 we plan to build on these initial efforts.

The year ahead will be one of consolidating the changes and growing the sustainable supplier relationship management capability across the organisation by educating both suppliers and employees and by embedding policy and processes. Many of the tools and platforms are now in place to help us improve sustainability outcomes with the supplier community.

---

**Regional ethical procurement in the manufacturing supply chain**

The Fuji Xerox Group and Xerox Corporation strive for best practice in ethical procurement through their manufacturing supply chain. The 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 of the last three years, guided by our commitments through the UN Global Compact and the industry-wide Electronic Industry Code of Conduct (EICC) standards.

In 07/08, Fuji Xerox launched management guidelines and distributed a checklist for our major manufacturing suppliers.

Fuji Xerox promotes ethical procurement with suppliers through an annual ethical procurement questionnaire. Based on the findings, meetings are held with suppliers to formulate improvement plans and support supplier improvement initiatives.

The questionnaire is a checklist composed of 263 items in three categories: 73 environment items, 148 human rights and labour items and 42 business ethics items.

These cover:

- prevention of forced and child labour
- prevention of unfair discrimination and privacy infringement
- prevention of violence, sexual abuse, sexual harassment and excessive punishment
- provision of appropriate wages and leave
- guarantee of the right to collective bargaining*
- safety from workplace injuries and maintenance of health
- promotion of human resource development and third party certification.

Results of supplier participation and compliance from the first three years of the questionnaire are outlined in our parent’s sustainability report.

* We acknowledge that freedom to associate in the interest of labour relations and collective bargaining is not possible in the Chinese political context.
Dealership sustainability

In addition to our direct sales force, Fuji Xerox Australia has 28 dealers and 23 master agencies across Australia. Together they deliver over 60 percent of office colour units and 46 percent of our total 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 organization, 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 regional Australia. It is important that we share Fuji Xerox standards with this group. The standards cover ethical and legal principles for how we conduct business, customer service standards as well as environmental responsibility.

New developments in dealer sustainability program

Our analysis of the program results in 09/10 indicates that a small number of sustainability leaders is emerging from our dealership community. These organizations are exceeding the requirements of the program in some areas and we are keen to support and recognize their efforts.

It is also clear that many dealers struggle to complete some fundamentals of the program and require further direction and support from us. For those reasons we will review the program structure in 10/11 and introduce a tiered structure, making end-of-life product recycling mandatory in line with proposed federal e-waste regulation.

We will also increase levels of support to dealers, ensure they understand the most simple success factors and encourage them to share learnings.

Leadership in dealer sustainability

The Fuji Xerox Business Centre Tasmania was the Best Overall Dealership this year, with their Human Resources Manager, Bob Wylie, taking out the Sustainability Champion award. The team in Tasmania made a number of key improvements in 09/10 including:

- recycling over 100 cubic metres of business waste that previously were sent to landfill
- disposal of 115 devices at end-of-life through recycling partnerships set up locally
- establishment of an incentivised cartridge recycling program across their three business centres and copy centre, which has been achieving return rates over 70 percent in all locations
- development of an environmental policy and setting of environmental targets moving forward.

The Viatek Pty. Ltd. group of dealerships took out the Most Improved award, with all dealerships in the group completing the program. They were particularly recognized for creating environmental policies that demonstrated a commitment to the program.

Fuji Xerox Business Centre Townsville was awarded ‘Best Sustainability Project’ for their involvement in the Cromarty Wetlands Project. The dealership worked with other local businesses to invest in purchasing the Cromarty Wetlands for preservation.

The dealer sustainability program was developed in 08/09 and 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 have provided support to our dealer network by sharing environmental management tools with them and making them aware of the resources available to them through Fuji Xerox, local councils and recycling providers.

In 09/10 the program’s rigour was increased, including new requirements to develop an environmental policy, demonstrate engagement of employees in sustainability initiatives and integrate sustainability updates into management meetings. We also increased the incentives for those who do participate.

Three new award categories were introduced in addition to ‘Best Overall Dealership’. These were ‘Best Sustainability Project’, ‘Most Improved’ and an individual ‘Sustainability Champion’ award. Out of our 28 dealers, 24 participated in 09/10. While the level of interest in the program was high, only 12 dealerships completed all requirements.

In last year’s report we noted that four dealerships failed to submit and were removed from the program. We did allow these dealerships re-entry to the program this year, although all four failed again to submit reports.

The dealer sustainability program was developed in 08/09 and 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 have provided support to our dealer network by sharing environmental management tools with them and making them aware of the resources available to them through Fuji Xerox, local councils and recycling providers.

In 09/10 the program’s rigour was increased, including new requirements to develop an environmental policy, demonstrate engagement of employees in sustainability initiatives and integrate sustainability updates into management meetings. We also increased the incentives for those who do participate.

Three new award categories were introduced in addition to ‘Best Overall Dealership’. These were ‘Best Sustainability Project’, ‘Most Improved’ and an individual ‘Sustainability Champion’ award. Out of our 28 dealers, 24 participated in 09/10. While the level of interest in the program was high, only 12 dealerships completed all requirements.

In last year’s report we noted that four dealerships failed to submit and were removed from the program. We did allow these dealerships re-entry to the program this year, although all four failed again to submit reports.
Staff engagement in community programs

**Direction**

- Increase staff participation in WorkPlace Giving.
- Increase number of volunteer opportunities available to staff within working hours.
- Improve internal communications and staff awareness of community programs.

**09/10 objectives**

Achieve 14% participation in WorkPlace Giving.
- Conduct ten ‘Corporate Connects’ and ten ‘Seeing is Believing’ volunteer events with United Way.
- Expand Australian Business and Community Network (ABCN) activity.
- Expand Community Service Awards to include access to community service leave.

**How did we do?**

- Staff participation in WorkPlace Giving decreased from 9% to 8.2%.
- Conducted sixteen Corporate Connect and four Seeing is Believing volunteer events with United Way.
- ABCN activity expanded in every state.
- Community Service Awards were expanded to include access to community service leave.
- Surveyed staff satisfaction with community programs.

**10/11 objectives**

- Pilot United Way community impact model.
- Partner with two to three education charities under United Way auspices.
- Launch ‘New Hire Giving’ program.
- Review resourcing of community program management.
- Review donation policy for disaster relief and ad hoc requests.
- Continue to expand ABCN activity.

Fuji Xerox Australia is committed to making a positive social contribution. While our operations do not have an easily identified impact on local communities, we are aware of our potential social impacts on customers, employees and the broader community.

The goal of our community programs is to enable staff participation and create positive outcomes for the communities in which we operate by helping the disadvantaged. We believe that by supporting education, we will address social sustainability issues in a more systemic and impactful way and help build local communities with adept people that can contribute to the growth of our business and society as a whole.

Encouraging employees to volunteer within company time and providing matched donations also 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 and Community Network (ABCN) and the Fuji Xerox Community Service Awards. There is also a broad range of state-based activities that originate at a grass-roots level.

**United Way**

Fuji Xerox Australia’s relationship with United Way goes back more than 20 years. United Way manages our WorkPlace Giving scheme and works with us to organise volunteering opportunities for staff. This was recently recognised through the receipt of the ‘Outstanding and Sustained Corporate Leadership Award’ at United Way’s twenty-fifth celebration.

In 09/10 our central community engagement committee worked with our local network of community champions to reinvigorate our donation and volunteering programs. Our participation in the United Way ‘Week of Caring’ and ‘Christmas Giving Appeal’ were both successful. We are also pleased that staff access to volunteering opportunities and the number of volunteering hours has increased.

However we have had less success achieving our goal to increase staff participation in WorkPlace Giving. Significant improvements have been made in communication, including the launch of a focused ‘Community Engagement Week’ at head office designed to boost staff awareness.

However the impact of our efforts has been to balance those leaving the program as they leave the company with new donors joining the program. We have found that many of our people already donate to their chosen charities outside the structure of our programs and that some fail to connect with the United Way brand and do not grasp the impact of WorkPlace Giving on local communities in need.

As a result we have decided to adapt our strategy and build stronger connections between volunteering opportunities and donations so that our employees will have a better view of the impact our community initiatives have.

We will pursue a small number of meaningful relationships with education charities under the auspices of United Way and structure a series of staff volunteering events with each charity whilst raising funds for specific needs they may have.

We will also work on a pilot of United Way’s new ‘Community Impact Model’, which is intended to develop a more participatory partnership and evidence-based approach to resolving social issues. Finally we have decided to review our WorkPlace Giving promotions to new employees. In 10/11 we will donate $100 to charity for every new permanent part-time or full-time employee who chooses to activate that donation.
Career Choice Day

Comments from students who participated in a Career Choice Day at our Australian Technology Park office:

‘I was so surprised by how much I learnt — normally stuff with technology doesn’t interest me but I was really interested!’

‘I learnt so much — I didn’t know Xerox made the first printer’

‘Today was a fun and informative day which helped me think about my future and how I can achieve my goal’

‘I was surprised by how much I enjoyed the experience and I am now considering a future career in business’

Australian Business and Community Network

In 06/07 Fuji Xerox Australia entered into a partnership with ABCN. This initiative brings together major companies to support schools operating in under-privileged areas.

Employee enthusiasm for this engaging and impactful initiative has continued to build. Feedback from our people and the students whom they mentor has always indicated strong outcomes from our participation.

As a result, and with increased resources available to encourage and manage our participation, we have expanded our participation in every state and worked with ABCN to establish a presence in South Australia for the first time.

In 09/10 our goal is to continue to expand ABCN activity in every state of operation. In response to requests from our employees, we have been working with ABCN and the Department of Education in South Australia to find suitable

Our offices in NSW, VIC, WA, QLD and ACT are partnered with local schools and participated in the following activities in 09/10:

<table>
<thead>
<tr>
<th>Partners in Learning</th>
<th>GOALS</th>
<th>SPARK</th>
<th>Career Choice Day</th>
<th>POP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership exchange.</td>
<td>Year 9 mentoring program.</td>
<td>Primary school reading assistance.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NSW, QLD, WA, VIC.</td>
<td>ACT, NSW, QLD, VIC.</td>
<td>ACT, NSW, QLD, VIC.</td>
<td>ACT, NSW, QLD, VIC, WA</td>
<td>QLD, VIC, WA.</td>
</tr>
</tbody>
</table>

* 08/09 participation in Workplace Giving has been restated.
ABCN wins 2010 Global Best Awards for Business Education Partnerships

The Australian Business and Community Network (ABCN) has won two major international awards at the 10th International Education Business Partnership Conference, held in Toronto in April 2010.

ABCN was created in Australia in 2005 by the CEOs of major Australian and global companies and now represents 28 major national and global companies and over 400,000 corporate employees. These organisations work together, collaboratively; funding and participating in business and education programs in schools across Australia.

The member companies of the ABCN believe that by aggregating their business resources, especially the personal involvement of their people, they will have greater and more sustainable community impact in the education area.

ABCN’s ten mentoring and coaching programs are created in response to school and student needs with a strong focus on refugee, recent migrants, and indigenous and lower socioeconomic student support. Since 2005 over 20,000 students have participated in ABCN school and business partnership programs.

The ABCN has worked with thousands of corporate mentors in Sydney, Melbourne, Perth, Brisbane, Adelaide, Canberra, Hobart and some regional areas and with nearly 200 disadvantaged schools.

Member companies are American Express, Bain and Company, Blackmores, Citi Australia, CBA, Deloitte, Ernst & Young, Fuji Xerox Australia, Goldman Sachs, Hall & Wilcox, iiNet, IAG, Investec, JPMorgan, KPMG, Microsoft, Mallesons, Minter Ellison, MLC, Navitas, ninemsn, Optus, PricewaterhouseCoopers, Qantas, Stockland, STW communications, UBS and Wesfarmers.

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 Committee, a cross-functional team within Fuji Xerox Australia. In the year under review, we donated $50,000 to 19 charities supported by our employees, with individual grants ranging from $1,000 to $4,000.

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. In 09/10 we expanded the scope of these financial awards to include access to up to five days of paid volunteer leave for each employee who wins a community service award. Our records show that only three days were taken in total, although we believe this under-reports what employees have informally agreed with their managers.

ABCN GOALS program.
What do these FXA staff have in common? They are all FXA Community Service Award 08/09 winners!

If you volunteer for a community organisation you can apply for a 09/10 FXA Community Service Award which if won, provides a grant to your supported charity! Visit the community collection on Docushare for full details and to download an application form.

Applications close 30 September, 2009
For any Community Service Award enquiries, please contact community@aus.fujixerox.com
Message from our General Manager, Supply Chain Operations

Fuji Xerox Australia is committed to continuous improvement in environmental management at all 20 of our locations across Australia and at the service centres we operate on customer sites. The year under review has witnessed some significant developments in our carbon strategy, our approach to environmental accounting as well as ongoing reductions in our environmental footprint.

In 09/10 we worked to identify environmental accounting software that would assist the business to track, measure, and report our environmental footprint. Our new environmental intelligence system (EIS) will provide a high degree of automation, which will deliver efficiencies in what had been a largely manual process and improve data accuracy and timeliness of reporting. At first it was hoped that the EIS would allow greater levels of visibility into the carbon implications of Supply Chain Operations freight management. However our business requirements are such that a specific solution will be designed and implemented for those purposes.

Our Supply Chain Operations focus on carbon reductions is naturally aligned with our ongoing efforts to reduce costs and improve productivity while meeting customer service expectations. Efficiency strategies such as optimising equipment delivery routing, modal shift from air to sea for international logistics and consolidating domestic deliveries result in cost and carbon savings. Likewise reducing excess packaging has both environmental and business benefits. By introducing reusable slip sheeting with one of our paper suppliers in 09/10 we have been able to avoid approximately 9 tonnes in pallet waste and reduce the number of containers required to freight the same amount of paper. However our equipment deliveries by air remain high; we will seek improvements in the equipment sales forecasting and ordering processes in 10/11.

In our previous report we stated that we would review our commitment to 100 percent GreenPower (the official Australian Government accreditation program for renewable energy). We have decided to reduce GreenPower procurement from 50 percent to 25 percent for all our sites and will redirect the funds that would have been invested to a Carbon Reduction Fund for energy efficiency projects. This decision was taken due to rising energy costs and because utility providers claim our GreenPower procurement as their own carbon abatement. Fuji Xerox Australia is disappointed by inadequate policy and market signals to support the renewable energy sector in Australia. However, the company is anticipating significant cost and carbon savings by pursuing energy efficiency projects.

This year we are pleased that most of our environmental targets have been met — we will continue to work on areas where we have under-performed. We surpassed our waste reduction target by achieving a 19 percent reduction in waste to landfill on 08/09 levels. Our scope 1 and 2 carbon emissions decreased by 1 percent, meeting our reduction target — however when our 50 percent GreenPower procurement is factored into that equation our emissions decreased by 17 percent.

The global financial crisis impacted carbon emissions from employee air travel, down 42 percent on 08/09. We failed to meet our aggressive carbon reduction target of 10 percent in Supply Chain Operations, instead emissions increased by 20 percent, largely due to unforeseen critical equipment deliveries.

Our water use decreased by 25 percent, our paper use decreased by 15 percent, and our proportion of recycled paper use remained unchanged at 47 percent of total internal paper use.

Tony Skeels
General Manager, Supply Chain Operations
### Environmental strategy and management

#### Direction

- Maintain ISO 14001 certification.
- Reinvigorate environmental targets and re-engage staff in environmental programs.
- Run business operations with resource efficiency.

#### 09/10 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶ Prepare all three new sites for ISO 14001 certification in 10/11.</td>
</tr>
<tr>
<td>▶ Develop and launch new EMS staff training and document corporate EMS training procedure.</td>
</tr>
<tr>
<td>▶ Develop and launch an improved EMS accounting system that captures new measurement areas.</td>
</tr>
<tr>
<td>▶ Cascade an integrated set of EMS, OHS and QMS accountabilities and capabilities into appropriate position descriptions.</td>
</tr>
</tbody>
</table>

#### 10’11 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶ All sites ISO 14001 certified in 10/11.</td>
</tr>
<tr>
<td>▶ 10/11 relocations and refurbishments are aligned with 4-star Green Star standard.</td>
</tr>
<tr>
<td>▶ Prioritise energy efficiency projects from audits.</td>
</tr>
<tr>
<td>▶ Promote key EMS campaign ‘3 steps to Sustainability on Site’ at all locations.</td>
</tr>
<tr>
<td>▶ Cascade ‘Sustainability on Site’ to nominated service centres on customer site.</td>
</tr>
<tr>
<td>▶ Finalise draft EMS training procedure.</td>
</tr>
<tr>
<td>▶ Complete cascade of EMS accountabilities to nominated positions.</td>
</tr>
</tbody>
</table>

---

Our parent company’s environmental strategy has three fundamental pillars:
- climate change mitigation
- conservation of natural resources
- reduction of environmental risk from chemical substances.

Fuji Xerox Australia receives direction from the Corporate Social Responsibility (CSR) division of Fuji Xerox Company Ltd on a small number of specific issues that fall outside of this strategy. We agree on carbon and waste reduction targets with the CSR division each year, and we report on our environmental performance biannually.

The CSR division is also an important source of information and guidance on regional matters, such as design for the environment initiatives and our UN Global Compact obligations.

Our commitment to sustainability extends well beyond complying with our parent company’s directives and is a key brand value in the Australian market. Fuji Xerox Australia manages its own environmental sustainability performance through the Corporate Affairs division, which includes a national environment and sustainability manager, a national environmental systems manager and a network of regional environment co-ordinators.

We are committed to reducing the environmental impact of our own activities and helping our customers and business partners to do the same.


There is an environmental management system (EMS) in place at all of our 20 sites, 17 of which are ISO 14001 certified. All three new sites will be certified in 10/11.

In addition to these 20 sites we also operate 40 service centres on customer sites. These centres provide a mix of creative, print and mail services to our customers. One of our flagship centres at UNSW leads the way in environmental responsibility. In 10/11 we plan to cascade that approach to other service centres, starting with our most environmentally committed customers.

This will involve integrating environmental policies and practices into standard operating procedures at those sites. Like our own environmental management system it will be branded ‘sustainability on site’.

The adoption of this approach will put us in a better position to report to our customers, and more broadly, the environmental footprint of the document-intensive business processes outsourced to us.
Everyone has a role to play in achieving our environmental objectives. 3 Steps to SOS is a campaign to help remind you of three simple things you can do around the office:

**Switch it off** – switch off lights and audiovisual equipment in meeting rooms and offices when not in use to reduce energy use.

**Sort it out** – sort waste into the correct bin to prevent recyclables ending up in landfill.

**Double it up** – print double sided as default or multi-up to reduce paper usage.

Look out for more from your site EMS coordinator in the coming weeks.
## Carbon management

### Direction
- Improve cost and carbon efficiency of business operations.
- Work with key suppliers to provide low-carbon products and services.
- Provide customers with low-carbon solutions and enable cost and carbon efficiency (see section 5).

<table>
<thead>
<tr>
<th>09/10 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶ Reduce carbon emissions by 1% on 08/09 levels.</td>
<td>▶ 1% decrease in scope 1 and 2 carbon emissions.</td>
</tr>
<tr>
<td>▶ Reduce carbon emissions from employee air travel by 10% on 08/09 levels.</td>
<td>▶ Reduced carbon emissions from employee air travel by 42%.</td>
</tr>
<tr>
<td>▶ Review commitment to procure 100% GreenPower.</td>
<td>▶ Procured 50% GreenPower and established a Carbon Reduction Fund for energy efficiency projects.</td>
</tr>
<tr>
<td>▶ Reduce carbon emissions from logistics suppliers 10% on 08/09 levels.</td>
<td>▶ Carbon emissions from logistics suppliers increased 20% on 08/09 levels.</td>
</tr>
<tr>
<td>▶ Implement more robust carbon data capture systems with logistics suppliers.</td>
<td>▶ Supply Chain Operations has developed a methodology for estimating carbon emissions from domestic logistics suppliers and built a database to record product weights, distances travelled and fuel type.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10/11 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶ Reduce scope 1 and 2 carbon emission by 1% on 09/10 levels.</td>
</tr>
<tr>
<td>▶ We will procure 25% GreenPower and divert the projected expense of going to 100% GreenPower into a Carbon Reduction Fund for energy efficiency projects.</td>
</tr>
<tr>
<td>▶ Identify and implement key carbon reduction projects.</td>
</tr>
<tr>
<td>▶ Monitor carbon emissions from employees’ air travel through new online travel request form and increase e-meeting uptake.</td>
</tr>
</tbody>
</table>

## Carbon strategy

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 and Energy Reporting System (NGERS), we are committed to reduce our carbon emissions.

Fuji Xerox Company Ltd reports the carbon emissions from every operating company, (including emissions from regional manufacturing and distribution) in their sustainability reports. Fuji Xerox Australia carbon strategy is focused on reducing carbon intensity of our business operations and working with suppliers and customers to do the same. We implement this strategy through:
- a Carbon Reduction Fund for energy efficiency projects
- a cross-divisional taskforce to implement projects
- a ‘low-carbon’ customer solution (see section 5).

The establishment of our Carbon Reduction Fund for significant energy efficiency projects was a significant development in 09/10. Potential projects have been identified through a series of audits at our most energy intense sites. In 10/11 we will shortlist the projects for implementation that will help us achieve our carbon reduction target.

## Carbon measurement

The introduction of a new environmental intelligence system led us to improve our approach to carbon accounting. We have aligned our carbon reporting framework with NGERS guidelines, separating what is scope 1, 2 and 3 and presenting the emissions abatement from GreenPower procurement separately to actual carbon emissions reductions.

In addition to our previously reported scope 3 emissions, we now include emissions from HVAC refrigerants, from waste to landfill as well as scope 3 emissions resulting from our electricity consumption. The most significant addition to our scope 3 emissions is the carbon associated with the import of our equipment by air and by sea. While these emissions are not directly within our control, we can have a significant influence on the mode of transport used to bring our equipment into the country. This has greatly changed the profile of our scope 3 emissions, highlighting that our most significant challenges and opportunities are in logistics. We have also increased the accuracy of our diesel and petrol fuel reporting. These improvements led us to restate our carbon emissions for 08/09, 07/08 and 06/07.

## Managing emissions from business operations

In 09/10 our overall electricity demand grew by 73 MWh. Trend analysis indicates:
- there was increasing use at our data centres due to growing data storage requirements and the introduction of a large print centre to accommodate growth in business process outsourcing
- increased training of service technicians on production devices, increased customer demonstrations and warehouse throughput has also led to a larger electricity demand
- many office sites decreased electricity consumption through efficient behaviour with regard to lighting and office equipment, indicating employee education has been effective.

* Calculated using government averages; 09/10 data was used where previous year’s data was not available.
Scope 1 and 2 carbon emissions by energy source

*Carbon performance has been adjusted to only include scope 1 and 2 direct carbon emissions, in line with the Greenhouse Gas Protocol. Therefore the following restatements to total performance are required: 06/07 to 07/08 1% increase; 07/08 to 08/09 11% increase; and 08/09 to 09/10 1% decrease.

Scope 3 carbon emissions

*Carbon performance has been adjusted to only include scope 1 and 2 direct carbon emissions, in line with the Greenhouse Gas Protocol. Therefore the following restatements to total performance are required: 06/07 to 07/08 1% increase; 07/08 to 08/09 11% increase; and 08/09 to 09/10 1% decrease.
Managing emissions from logistics suppliers

In the year under review, we have had high levels of commitment to cost and carbon reduction in Supply Chain Operations. However, emissions from equipment distribution increased by 20 percent on 08/09 levels. This can be attributed to increases in import volumes by air, due to a large non-forecast customer requirement and the need to make replacement equipment available to customers who had been delivered rusted devices. We have taken the following steps to reduce the carbon intensity of equipment delivered in 09/10:

• a transport management system was rolled out to all non-equipment warehouses improving supplier invoicing, lowering costs and carbon by optimising routing for supplies to non-metro customers
• we have reduced paper and supplies deliveries from twice to once daily in NSW

• a trial of the weekly delivery system to service centres on clients’ sites has been a success and is now being rolled out nationwide and we expect this to result in savings of $138,000 and 7.2 tonnes of carbon per annum.
• in line with a commitment to improve the quality of carbon data associated with domestic freight, we have developed a methodology for estimating carbon emissions from domestic logistics suppliers and built a database to record product weights, distances travelled and fuel type
• we have reduced daily replenishments to regional distribution centres to two or three times weekly
• the excess packaging review has been delayed due to staff transition. Our parent company continues to review and redesign component packaging into more appropriate cartons in order to maximise the available space in containers. This in turn reduces requirements for packaging manufacture and disposal, and eliminates excess carbon and costs by optimising the number of air and sea freight containers required to move our products around the world.

Our 10/11 projects will include:

• continued work on identifying a solution to enable equipment delivery routing efficiencies
• continued improvement of routing efficiency for equipment deliveries
• completing the implementation of the environmental intelligence system and establishing regular reporting and review of scope 3 carbon emissions
• we will reduce paper and supplies deliveries from twice to once daily in Victoria
• sales forecasting and ordering improvements are planned to reduce additional unforeseen costs and carbon.
Waste management

Direction

▶ Work towards zero waste to landfill from our manufacturing and business operations.
▶ Continually identify problem waste streams and develop strategies to address.

09/10 objectives

▶ Achieve 1% reduction in waste to landfill.
▶ Waste sent to landfill decreased by 19% on 08/09 levels.
▶ A pallet-recycling provider has been identified for chemically treated pallets and a trial is underway in NSW.

▶ Appoint new waste management provider.
▶ National waste management has been tendered and a provider has been identified.

10/11 objectives

▶ Achieve 1% reduction in waste to landfill.
▶ Transition to SIMS-Veolia waste management will occur for the majority of sites in 10/11.

Measuring waste from business operations

The year under review has witnessed some significant developments in our approach to waste measurement. We have automated waste reporting through our new environmental intelligence system, resulting in better visibility into waste output from a national to a site perspective and improved identification of problem waste streams.

We have also begun to consolidate waste suppliers to create cost efficiencies and improve accuracy and frequency of reporting. Our major waste provider SIMS-Veolia has revised their waste conversion factors which helps us more accurately quantify our waste.

Percentage waste to landfill

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/07</td>
<td>29%</td>
</tr>
<tr>
<td>07/08</td>
<td>32%</td>
</tr>
<tr>
<td>08/09</td>
<td>45%</td>
</tr>
<tr>
<td>09/10</td>
<td>35%</td>
</tr>
</tbody>
</table>

Tonnes waste to landfill*

<table>
<thead>
<tr>
<th>Category</th>
<th>06/07</th>
<th>07/08</th>
<th>08/09</th>
<th>09/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>General waste</td>
<td>320</td>
<td>324</td>
<td>361</td>
<td>425</td>
</tr>
<tr>
<td>Pallets</td>
<td>361</td>
<td>164</td>
<td>266</td>
<td>425</td>
</tr>
<tr>
<td>Oily waste water</td>
<td>15</td>
<td>164</td>
<td>20</td>
<td>27</td>
</tr>
<tr>
<td>Hazardous bulk</td>
<td>20</td>
<td>66</td>
<td>85</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>836</td>
<td>688</td>
<td>578</td>
<td>425</td>
</tr>
</tbody>
</table>

* Restatements for general waste have been made because we have improved waste estimates for shared tenancy sites and these estimates have been back dated. Pallet numbers for 06/07 and 08/09 have been corrected during transition to a new Environmental Intelligence System. Hazardous bulk and oily waste water have previously been reported together and under reported. We have separated these for greater visibility into these waste streams, leading to restatements of general waste figures in every year.
establish the weights of waste that cannot be measured at shared tenancies. For the first time, we have separated out the hazardous bulk waste that was previously included in our general waste figures. While these changes create an improved waste accounting platform moving forward, they have also led us to restate much of our previously reported waste figures.

SIMS-Veolia have also estimated the GHG emissions associated with our waste collection and disposal at landfill sites. Much of our general waste goes to state-of-the-art landfill sites that extract the methane emissions from landfill waste and convert this into renewable energy. We have included the remaining emissions from the decomposition of our waste in our landfill in our scope 3 carbon emissions.

Managing waste from business operations

In 09/10 we introduced a new 1% year-on-year reduction target for waste sent to landfill. We still retain Fuji Xerox aspirational goal of zero waste to landfill; however we have made a more realistic short-term waste target to focus our efforts.

We have exceeded our 1 percent waste to landfill reduction target, achieving an impressive reduction of 19 percent on 08/09 levels. The 148 tonne decrease in waste to landfill can be attributed to improved waste separation on site, which is also reflected in the gains in recycling waste streams.

We have reduced pallet waste by 41 tonnes since 08/09 and we expect this trend to continue throughout 10/11 due to our new pallet-recycling project with a chipboard manufacturing plant in Victoria, which is also delivering cost savings. We are also continuing to work with our parent company to ensure equipment is imported on recyclable pallets.

There were no significant spills in the year under review, nor were there any fines nor non-monetary sanctions.

In 09/10 we began working with waste auditors to evaluate the recycling facilities and behaviour at key offices and will continue this work in 10/11. The information gained from the auditors will inform better waste management and recycling practices for those offices and other shared tenancy sites.
At Fuji Xerox Australia, we have surpassed our internal paper use target of 1 percent reduction and achieved a 15 percent reduction on 08/09 levels. We have improved our measurement and reporting process, enabling more accurate weight measurements to be appropriately applied, depending on the paper size (A4 and A3 paper), leading us to recalculate and restate our historic use. This positive result is due to an increased understanding of our internal paper procurement policy and general awareness about paper efficiency at all sites, following a concerted and consistent communication campaign. The measurement process will be further improved when dedicated internal use cost centres are used at all sites enabling more certainty about which paper is ordered for internal use and which paper is ordered for customers’ use such as showroom demonstrations. In 10/11 we plan to review our policy for internal paper use in conjunction with internal stakeholders and use this as an opportunity to increase awareness about paper’s environmental impacts and the environmental credentials of different paper stocks.

* Paper use figures exclude paper used for equipment demonstration, trial paper delivered with new equipment and other secondary business purposes; Paper use at two sites has been excluded entirely as it is associated with customer business processes outsourced to us; Paper use also excludes damaged paper used at three sites. Restatements are required in 07/08 and 08/09 total paper use and % recycled use due to change in calculation methodology. We have applied more specific weight conversions to paper sizes such as A3 and A3. The change was also required to assist each site to consistently report an internal paper consumption.
Water use management

Direction

- Reduce water use by fixing leaks and by upgrading facilities.

09/10 objectives

- Reduced water use by an estimated 25%.

How did we do?

- Reduce water use.
- Improve accuracy of average water use per employee figure.

10/11 objectives

- Reduce water use.
- Improve accuracy of average water use per employee figure.

The two sites for which we have accurate water measurements are Zetland and Mascot with the former recording a slight increase in water use (359kL) and the latter a dramatic decrease of 5,418kL.

There have been no obvious changes in site operations at Mascot to justify this decrease apart from shutting off the garden irrigation.

The cooling tower has also undergone small efficiency upgrades that may have resulted in less water use. We will continue to investigate the reduction and monitor any changes in work processes demanding water.

*We have accurate data for our six single occupancy sites. For the remaining 14 sites we use a federal government figure for average water use of 4kL per person per annum. We have restated 08/09 water use to include the 14 sites that used estimates.
Appendices

What is in this section?
- Independent assurance statement
- Table of correspondence with the Global Reporting Initiative G3 guidelines

Image by Jessica Purwa, Fuji Xerox Australia, North Ryde

Independent assurance statement

Fuji Xerox Australia 2010 sustainability report

To Fuji Xerox Australia’s stakeholders, Banarra Sustainability Assurance and Advice (Banarra) was commissioned by Fuji Xerox Australia (FXA) to assure its sustainability report 2010 (the report) against the AA1000 Assurance Standard (AA1000AS) 2008. Banarra also validated the report against the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. This is Banarra’s fifth reporting cycle with FXA, so we have built on our previous understanding of the organisation and its progress.

Assurance scope

The assurance scope is a Type 2 engagement under AA1000AS (2008) and the scope includes:

1) assessing, to a high level of assurance, the nature and extent to which FXA adheres to AA1000APS (2008) principles of inclusivity, materiality and responsiveness and how it communicates this adherence in the report

2) assurance of the performance information, to a moderate level of assurance, within the material issue areas outlined below. The performance information was assured using the criteria in the GRI G3 Sustainability Reporting Guidelines and FXA’s own criteria where this is stated in the report.

Improving customer experience
- customer satisfaction surveys, net promoter score
- percent of customer issues resolved without a site visit
- onsite maintenance hours per million prints.

Engaging employees
- employee numbers
- employee engagement rate (by type and region
- occupational health and safety: Lost time injury frequency rate (LTIFR).

Providing customers with a responsible solution
- material utilisation
- parts manufactured and number of manufacturing programs
- paper sales by weight.

Minimising our environmental impact
- emissions by source and actual energy usage
- waste sent to landfill and recycled waste
- paper usage and proportion of recycled paper used
- total water consumption.

3) The assurance also included validation of FXA’s self-declared GRI G3 application level as disclosed in the report.

Banarra assurance methodology

Our methodology included:
- interviews with a) eight of the executive board, including managing director Nick Kugenthrian, concerning sustainability performance, governance and strategy; b) nineteen FXA staff at corporate, divisional and site levels concerning sustainability performance, strategy, policies for material issues, and implementation of responses; and c) five external stakeholders concerning sustainability performance
- review of FXA information including sustainability and divisional strategies, executive board minutes, materiality and stakeholder engagement documentation and records as well as sustainability program management systems, documentation and records
- visits to FXA’s headquarters in North Ryde, NSW and two FXA sites: the National Supply and Training Centre in Mascot, NSW and the Supplies division in Homebush, NSW
- an independent check of FXA’s material issues and stakeholder views on these issues, including analysis of peer reports, media articles on FXA in 09/10, FXA’s own documentation and engagement records and issues identified from Banarra’s interviews
- checks of the methodology, completeness and accuracy of quantitative and qualitative performance information in scope and the processes for capturing, aggregating and reporting this information, through document review and interviews
- a review of the report to check consistency with the GRI application level requirements of B+ and that it is consistent with the nature and extent of FXA’s adherence to the AA1000 AccountAbility Principles.
Findings and recommendations

Inclusivity — has FXA a stakeholder engagement and participation process?
Banarra is pleased that FXA has improved its stakeholder engagement framework in the reporting period. There is an opportunity to enhance the value of this framework by sharing and embedding it across the business in a way that allows managers to take ownership of their respective stakeholder engagement plans. FXA management should review this framework periodically to ensure it remains inclusive and effective.

FXA’s executive and management have an informal commitment to be accountable to its stakeholders. A formal commitment is included in the draft Code of Conduct, which is due to launch in 10/11.

Materiality — has FXA identified its most important sustainability issues?
Banarra found FXA’s materiality process to be transparent and credible. The annual, formal materiality process inputs into FXA’s sustainability strategy and informs the content of the sustainability report. All of the material issues that FXA identified are included in the report.

FXA’s materiality process has been improved in the last year and could be further enhanced by including a method for identifying emerging issues. While the materiality process feeds into the sustainability strategy, there is an opportunity for FXA to get greater value from the process by having it more systematically input into risk management and wider business planning processes.

Responsiveness — has FXA responded to these issues?
FXA has developed planning processes to respond to its material issues, the primary mechanism being the mid-range divisional plans. With the exception of TSMD, all divisions addressed some element of sustainability in their mid-range plans.

However, the comprehensiveness of the response varies considerably between divisions. Banarra notes that FXA is currently reviewing the business planning process and this represents an opportunity to strengthen accountability in relation to comprehensiveness and execution.

FXA has developed responses to all of its material issues. In particular, Banarra was impressed with FXA’s revision of the Sustainable Paper Purchasing Policy. We look forward to the complete implementation of the paper supplier assessment program in the coming year, and encourage FXA to measure progress towards meeting the policy’s objectives and communicate this to stakeholders.

FXA’s responses to three material issues in particular could be improved:

- In relation to OHS, Banarra is pleased with a range of improvements over the reporting period, including the formation of OHS Committees and the reporting of a lost time injury frequency rate. However, in light of the increasing severity of safety incidents over four years of OHS assurance recommendations, culminating in a near fatality in this reporting period, we are disappointed in the timeliness of FXA’s OHS responses. While significant work has both been completed and planned, FXA needs a fundamental strengthening of its safety culture. This can only be achieved through whole of company ownership and response and not reliance on key individuals.
- FXA has comprehensive customer satisfaction measures for each customer segment. There is currently no cross-divisional approach to customer satisfaction, such as a higher level measure of the quality of FXA’s relationship with customers. With the strategic move towards one FXA there may be value in having such an overarching measure. Banarra found that customer satisfaction data is not used consistently across divisions and we are pleased that FXA is focused on embedding greater ownership of customer satisfaction results in the business. We recommend that customer satisfaction responses be embedded more systematically in the mid-range planning process.
- Whilst FXA has a renewed focus on communicating with suppliers via the sustainability newsletter, we believe supplier engagement could be enhanced by developing opportunities to collaborate with suppliers on sustainability challenges and opportunities.

We believe FXA has appropriately communicated the nature and extent of its adherence to the AA1000APS (2008) Principles in the report.

Performance information assurance

Based on its methodology, Banarra concludes that:

- there is no evidence that the performance information included in the assurance scope is not correct in all material aspects and is not a fair representation of FXA’s performance in these areas during the reporting period. This is with the exception of scope 3 transport logistics emissions.
- Banarra was not able to come to a view on the accuracy of the scope 3 transport logistics emissions due to lack of clear boundary definition and the relative immaturity of reporting in this area. However, we believe FXA’s focus on measuring and reducing greenhouse gas emissions from transport logistics is progressive and presents significant opportunities to reduce environmental impacts. We recognise that reporting in this area will continue to improve and recommend that FXA undertake a value chain mapping and boundary setting exercise.

Banarra identified inaccuracies across a number of datasets during the assurance assignment, which were subsequently corrected.

During the reporting year, FXA invested significant resources in procuring and implementing an environmental data management system. Once fully implemented, we expect this will increase the robustness of FXA’s environmental data reporting processes and we encourage FXA to continue to prioritise migration of all key environmental data to the new system, including product returns and transport logistics. In the interim, we recommend that clear audit trails are maintained and internal checks are undertaken for all manually collated data.

GRI application level

Banarra concurs with FXA’s own assessment that it has achieved GRI application level B+.
Responsibilities and independence

FXA was responsible for preparation of the report, stakeholder identification and engagement, as well as material issue identification and response. Banarra’s responsibility was to provide an independent assurance opinion of the report against the AA1000 standard. This opinion is provided to FXA management and any reliance third parties may place on this statement is entirely at their own risk. Banarra has provided FXA with a management report containing more details on the findings and recommendations in this statement.

Banarra was paid by FXA to conduct this assignment. Other than this payment, the assurance team declares itself independent in relation to FXA and its stakeholders. A detailed statement on our independence, impartiality and competencies can be found at www.banarra.com.

Richard Boele
Certified Lead Sustainability Assurance Practitioner
IRCA No. 1188527

Ashley Hamnett
Assurance Practitioner, Banarra Sustainability Assurance and Advice, Sydney, Australia, August 2010

Banarra

Table of correspondence with the Global Reporting Initiative G3 guidelines

<table>
<thead>
<tr>
<th>Strategy and analysis</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Statement from our managing director</td>
<td>4–5</td>
</tr>
<tr>
<td>1.2 Description of key impacts, risk and opportunities</td>
<td>4–5</td>
</tr>
</tbody>
</table>

Organisational profile

| 2.1 Name of organisation | 19 |
| 2.2 Primary products and services | 19 |
| 2.3 Operational structure | 19 |
| 2.4 Location of headquarters | 19 |
| 2.5 Countries where we operate | 19 |
| 2.6 Ownership and legal form | 27 |
| 2.7 Markets served | 19 |
| 2.8 Scale of the reporting operation | 19–20 |
| 2.9 Significant changes | 4–5 |
| 2.10 Award received | 4–5, 44 |

Report parameters

| 3.1 Reporting period | 8 |
| 3.2 Date of most recent report | 8 |
| 3.3 Reporting cycle | 8 |
| 3.4 Contact point | 2 |
| 3.5 Process for defining report content | 6–7 |
| 3.6 Boundary of the report | 8 |
| 3.7 Statement of specific limitations | 8 |
| 3.8 Basis for reporting on joint ventures, subsidiaries etc | 8 |
| 3.9 Data measurement techniques | 32–61, 70–78 |
| 3.10 Re-statements | 49, 73–77 |
| 3.11 Significant changes from previous reports | 8 |
| 3.12 Table identifying the location of standard disclosures | 82–83 |
| 3.13 Policy and current practice regarding external assurance | 8 |

Governance

| 4.1 Governance structure | 27 |
| 4.2 Indicate whether the Chair of the highest governance body is also an executive officer | 27 |
| 4.3, 4.7 Various | NA |
| 4.8 Statements of mission and values | 4–5, 30–31 |
| 4.4, 4.10 Various | NA |

1 Full disclosure is provided unless otherwise stated.
2 These aspects of governance are controlled by our parent company.
3 These aspects of governance are controlled by our parent company.
4.11 Reference to precautionary principle 71
4.12 Charters and principles to which we subscribe 30–31, 66–67, 71
4.13 Memberships of associations/advocacy organisations 7, 50
4.14 Stakeholder groups 7
4.15 Basis for identification of stakeholders 6
4.16 Approaches to stakeholder engagement 6–7
4.17 Concerns raised through stakeholder engagement 6–7

Economic
Disclosure on management approach 18–20
EC1 Economic value generated 20

Environmental
Disclosure on management approach 70–71
EN2 Percentage of materials used that are recycled input materials (partial) 49
EN3 Direct energy consumption 74
EN4 Indirect energy consumption 74
EN6 Initiatives to provide energy efficient products and energy reductions achieved 44
EN8 Total water usage 79
EN16 Greenhouse gas (GHG) emissions by weight 74
EN17 Indirect GHG emissions by weight 74
EN18 Initiatives to reduce GHG emissions and reductions achieved 73–75
EN22 Total weight of waste and disposal method 76
EN23 Significant spills 77
EN24 Weight of transported waste deemed hazardous under Basel Convention (partial) 49
EN26 Initiatives to mitigate environmental impacts 70–79
EN28 Significant fines or monetary sanctions 77
EN29 Significant environmental impacts of transporting products 75

Social
Labour practises and decent work
Disclosure on management approach 54–58
LA1 Total workforce 59
LA2 Total number and rate of employee turnover (partial) 59

LA7 Rates of lost time injury and number of work-related fatalities (partial) 61
LA10 Average hours of training p.a. per employee by employee category 58
LA12 Percentage of employees receiving regular performance reviews 57

Human rights
Disclosure on management approach 62–64
HR2 Percentage of suppliers that have undergone screening (partial) 63
HR5 Operations in which the right to exercise freedom of association is at risk (partial) 64

Society
Disclosure on management approach 26–31, 66–68
SO3 Percentage of employee trained in anti-corruption 31
SO4 Actions taken in response to incidents of corruption 31
SO5 Public policy positions 50

Product responsibility
Disclosure on management approach 31, 53
PR1 Life cycle stages in which health and safety impacts of products and services are assessed (partial) 53
PR2 Incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services 53
PR5 Practices related to customer satisfaction 32–41
PR6 Programs for adherence to laws, standards and voluntary codes 31
PR7 Incidents of non-compliance with marketing regulations and voluntary codes 31

7 We are currently determining the Occupational Health and Safety reporting indicators that will be used by the business.
8 Aspects of procurement that are managed for sustainability are outlined in the chart on page 63 of the report.
9 We procure paper from China and our parent company has manufacturing facilities in China — we acknowledge that freedom to associate in the interest of collective bargaining is not possible in the Chinese political context.
Augmented reality feature

Our printed back cover is interactive. Simply visit www.fxasustainability.com.au/ar to hold the mark up to your webcam and you can see the future of documents and Fuji Xerox technology in action. If you don’t have a webcam (or a printed copy of this report) simply visit www.fxasustainability.com.au/arvideo to see a video example.