Our report structure: the sustainability value chain

Fuji Xerox has a longstanding commitment to environmentally responsible product design, industry leading print management services and solutions and an end-of-life resource recovery program that is second to none.

We are addressing sustainability at every step of the value chain: from parts procurement through an extensive supply chain, to our development and manufacturing operations, and customer use and disposal of our products at end-of-life.

This year we reorganised the structure of our full report, which is now organised around our ‘sustainable value chain’, making it easier for readers to understand how we manage sustainability challenges and opportunities from one end of the value chain (with our suppliers), to the other end (with our customers).

Inside our value chain we cover how we embed sustainability in our organisation, with our people and how we reduce our impact.

Internal to the organisation:

Our organisation
This section covers our organisation’s vision and mission, structure, business performance and how we embed sustainability and engage with our stakeholders.

Our people
This section covers our employee engagement, staffing levels, remuneration and recognition, health and safety and community engagement.

Our impact
This section covers our environmental strategy and our impacts across carbon, waste, paper and water use.

External to the organisation:

Supply chain
This section covers how we manage our supply chain, from our parent company’s ethical procurement program to managing carbon emissions with logistics suppliers and responsible procurement and paper sourcing in Australia.

Development
This section covers the development of our equipment and solutions and how we apply these technologies to optimise customer document and business processes.

Customers
This section covers our customer’s satisfaction levels and how we provide customer support.

End-of-life
This section covers how we recycle and remanufacture customer equipment at end-of-life.
About this report

The 2011 Sustainability Report covers the Fuji Xerox Australia financial year ending 31 March 2011.

The report complies with GRI level B+ requirements and has been independently assured by Net Balance in accordance with the 2008 AA1000 assurance methodology. Ernst and Young audit our financial statements, which have been placed on public record.

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.

Availability of the report

Our sustainability report is available on our external website and a concise version is also available for tablet download and in print format. We invite our readers to share comments, suggestions and thoughts on this report by participating in a brief online survey: www.fxasustainability.com

Amanda Keogh, National Environment and Sustainability Manager, welcomes any further comments on our activities by email: Amanda.Keogh@aus.fujixerox.com

About the cover

Our cover is evocative of an ‘office of the future’, where employees and customers interact with our sustainability report on ubiquitous screens.

The way we work is changing rapidly. Innovative organisations are already using ubiquitous networks that allow employees to connect remotely with a wide range of devices. And the document of tomorrow will be ‘smart’ — ‘understanding’ the information it carries, its purpose and its audience.

In September, October and November 2011, Fuji Xerox is holding a series of events to explore what impact the ‘workplace of tomorrow’ will have on organisations and on its workers.

With a line-up of speakers including a world renowned futurist, digital anthropologist and several thought leaders, you will hear how the ‘office of the future’ will change the way we work forever.

To learn more and reserve your seat, visit: www.nextwork.com.au
Foreword

What is in this section?
Message from our Managing Director
Report scope and approach
Fuji Xerox sustainability timeline of achievements

With our continued growth and the changing needs of our customers and markets, the limitations of our current processes and business systems are becoming apparent. To this end, we launched Project Shakespeare in 10/11. This project is aimed at identifying the business processes and underpinning systems we need in the future, as well as developing a roadmap to help us achieve a ‘To Be’ state. Project Shakespeare is also an excellent example of how our people can work together as ‘oneFXA’ on cross divisional collaborations. OneFXA is about each individual, manager, leader or team thinking, feeling and acting in the best interest of the customer, internally or externally. I am keen that we foster cross divisional cooperation — working in common alignment is how we will achieve our company goals of employer of choice, partner of choice and create the market for integrated document services.

Our employee engagement score for 10/11 is 57 percent, which is a 2 percent increase from our previous score of 55 percent. It is encouraging to see the gains we are making in improving our people’s experience at work. We are also making significant progress in workplace wellbeing. 10/11 saw a robust review of health and safety management, facilitated by the establishment of a national team. While some fundamentals and priority areas were addressed, there still remains significant work to be done to address our rate of lost time injuries, which increased to 38 in the year under review. Strong leadership, safe behaviour and continuous risk reviews will drive our safety performance and help embed a safety culture within our organisation.

Efforts to reduce our environmental impact continued in 10/11. I am very encouraged to see the massive reduction in waste to landfill from our business operations. A 41 percent decrease was achieved largely through the implementation of a national pallets recycling scheme at our warehouses. While we have laid some important groundwork by establishing a carbon reduction fund and a carbon review committee, I am disappointed we did not reduce our carbon emissions in the year under review. The global climate change imperative demands we do more to reduce emissions and I will take a personal interest in how we approach this in the coming year, from our business operations right through to the carbon intense aspects of our international supply chain.

In many ways our reach and role extends beyond Australia. We have made our mark as one of the most innovative and successful Fuji Xerox operating companies in the Asia Pacific region. Our development of a 50-strong local office innovation group will lead us to be the first Fuji Xerox company to launch industry-leading predictive energy optimisation technology, which I saw firsthand when I visited one of our eleven research centres worldwide. In 11/12 we will also be the first to establish a Fuji Xerox sustainability consulting practice, so that we can act as a trusted advisor to our customers on sustainable print and communications.

Our commitment to sustainability was also recognised externally in 10/11 through several prominent state government environment awards including the NSW Green Globes and the VIC Premier’s Awards. Our sustainability report — our flagship document — took out best report at The Australasian Reporting

**Message from Nick Kugenthiran, our Managing Director**

10/11 has been a year of challenge, change, recognition and growth for Fuji Xerox Australia.

With a positive approach to growing our business and a solid foundation of annuity revenue streams, we have produced a strong business result for the year. Through bold investments in our core business and strategic acquisitions, we have laid foundations for future growth and demonstrated greater confidence than many other businesses outside the mining sector.

The investment in our business was rewarded by growth in all existing lines of service; we achieved organic revenue growth of 8.2 percent, which increases to 16 percent on consolidation of acquisitions. Through the acquisition of Triangle Corporation and Upstream Print Solutions, we can not only better serve our target markets, but have grown our customer base and market share substantially.

I am pleased to report our biggest ever services deal was concluded in 10/11 with Fairfax Community Newspapers. This will provide managed print services to 197 sites over a 66 month period. 11/12 started in similar vein with Fuji Xerox Australia’s inclusion on the government’s major office machines panel to supply solutions to all federal agencies countrywide. We also won a major contract to provide managed print services to New South Wales Department of Education (DET) schools, making them potentially our single biggest customer.
Awards and was also judged best runner-up by the Association of Chartered Certified Accountants.

Winning the prominent ‘large organisations — leading in sustainability’ category at the 2010 Banksia environmental awards capped a remarkable year, and was well-deserved recognition for decade-long operation of our Eco Manufacturing Centre. In 11/12 the centre will relocate to Rosehill in Sydney and will occupy a heritage listed building facade, which will be fitted with the latest in office and warehouse design, meeting the requirements of a 5 Star Green Star rated facility.

Sustainability awards were not the only cause for celebration: in 2010 we marked our 50th anniversary giving each employee in every state an opportunity to attend an event to honour this milestone. A national event was held at Luna Park in Sydney, with 560 employees enjoying an afternoon of music, dancing and live entertainment. We have grown from producing 2.5 million copies in 1962 to producing over 13 billion prints on our equipment in 10/11. This growth is even more impressive considering we are encouraging many of our users to digitise their documents and use paper responsibly.

11/12 began with natural disasters affecting many parts of the Fuji Xerox world. Our people’s spirit of resilience and generosity came to the fore with employees rallying to help each other and local communities recover from the impact of Cyclone Yasi in Queensland. Fund raising activities for those affected by the New Zealand earthquake took place nationwide. Our Brisbane offices, still recovering from the aftermath of their own natural disaster, donned All Blacks jerseys (and the State General Manager, a tuxedo) and did the Haka!

We also reached out to support our colleagues in Japan in their time of crisis. Our parent company has offered its employees as volunteers to support the organisations helping people in the affected areas, and is also supplying multifunction devices and production printers. In a time when digital communication has been heavily disrupted, this is allowing non-profit organisations to print essential community information such as operation manuals for evacuation centres and flyers for temporary housing. While the supply of parts to our manufacturing operations has been affected, we are striving to minimise the disturbance this has to our supply chain and our customers’ operations.

Since the close of the year under review we have ceased procurement with a paper supplier, which did not share our sustainability commitment. Over the past eighteen months we have been concerned with APRIL’s logging practices in Indonesia. We have been encouraging APRIL to adopt Forest Stewardship Council (FSC) certification and we have been working with ENGOs on the ground to monitor APRIL’s progress. However, over recent months we have become very concerned with the lack of progress. Our concerns were grave enough for us to take steps in June 2011 to review our relationship with APRIL. Due to these concerns and further issues brought to our attention we have made the decision to cease all procurement with APRIL. As part of our ongoing transparency and commitment to sustainable practises, Fuji Xerox is developing a robust transition plan to alternate suppliers that meet our standards.

I would like to take this opportunity to thank our people once more for their personal contribution to our achievements. By living the oneFXA value system, we will continue to grow and build a sustainable organisation for the future, creating value for our customers, giving back to our communities and leaving a better environment for future generations.

Nick Kugenthiran
Managing Director
Report scope and approach

Reporting as a learning process

This is our seventh sustainability report. Every year we try to do a better job of delivering relevant content to the right audiences in a way that suits their needs and addresses their concerns. This year we worked on:

- The materiality process, so that more stakeholder input was considered when we determined what should be covered in the report.
- The number of issues covered in the report. We have focused on fewer and more material issues.
- The structure of the report, which is now organised around our ‘sustainable value chain’, making it easier for readers to understand how we manage sustainability challenges and opportunities from one end of the value chain (our suppliers), to the other end (our customers).
- The delivery of the sustainability report, including the ongoing development of our dedicated microsite, and the production of a genuinely concise report available for the first time in iPad format.

Fiscal integrity

Ernst and Young conduct 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.

Sustainability assurance

This report complies with GRI level B+ requirements and has been independently assured by Net Balance in accordance with the 2008 AA1000 assurance methodology.

Reporting cycle

Our sustainability reports are published annually. This one covers the Japanese financial year ending 31 March 2011. 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. While these operations include staff employed by both our parent company and Fuji Xerox Australia, they effectively report to Fuji Xerox Australia, are accommodated in our premises and contribute to our business results and therefore are considered within the boundary of this report.
- Triangle Corporation, a Fuji Xerox wide format business, was acquired by Fuji Xerox Australia in 10/11. This business has been completely integrated into our operations and is included within the scope of this report.
- The company has no joint ventures. Nineteen of our 20 locations are leased, our national warehouse is owned by us and all 20 locations are within the scope of this report.
- Upstream Print Solutions was acquired by Fuji Xerox Australia in 10/11 and is managed as a wholly owned subsidiary with its own locations. For the purposes of this report we have included their financial contribution, but not their employee numbers, customer concerns or their social contributions and environmental impact. This is because they have separate systems, policies and approaches for these aspects of their business.
- 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 the outsourcing of business processes such as print, design, mail and office services to us involves an obligation to manage processes with environmental responsibility, which we have begun to address.

While the scope of this report is heavily focused on our operations in Australia, we have also touched on our broader impacts. These extend through an international supply chain, which includes the manufacture of our equipment in Japan, China, Korea, Singapore, Europe and North America; the sourcing of our paper from various global suppliers; 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., also produces a sustainability report that incorporates the sustainability performance of other group companies responsible for manufacturing, distribution and end-of-life product resource recovery.

To learn more, visit:  
bit.ly/nxLrdl
Staff photography competition

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 Kim Tautz, Dealer Principal of the Fuji Xerox Business Centre in Albury and Wagga Wagga, whose striking images, featured here and on page 53, won this year’s competition.
Xerox introduces its first product capable of double-siding.

Fuji Xerox establishes Pollution Prevention Committee.

Fuji Xerox introduces closed-loop recycling technology.
Fuji Xerox wins the Minister’s Award for Climate Change Leadership from the Japanese Environmental Agency.
Fuji Xerox participates in the National Olympic Landcare Project.

Fuji Xerox incorporates recycled parts in the manufacture of new products.

All major Fuji Xerox manufacturing sites achieve ISO14001 certification.

GreenWrap® 50% recycled copy paper is introduced in Australia.

Fuji Xerox introduces closed-loop recycling technology.

Fuji Xerox wins the Minister’s Award for Climate Change Leadership from the Japanese Environmental Agency.
Fuji Xerox participates in the National Olympic Landcare Project.

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Fuji Xerox incorporates recycled parts in the manufacture of new products.

Fuji Xerox establishes Sustainability Advisory Board.

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.

Eco Manufacturing Centre wins: Australian Institute of Engineering Excellence Award: Environment.

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.

Eco Manufacturing Centre wins: Australian Institute of Engineering Excellence Award: Environment.

Fuji Xerox Australia wins: Australian Business Award for Environmental Sustainability; Leading in Sustainability Banksia Award.

2010 Sustainability Report wins: Australasian Reporting Award for Best Sustainability Report; Best Report Consumer and Business Services sector and runner up in Best Overall Report category at Association of Chartered Certified Accountants Reporting Awards.

Fuji Xerox is recognised for an 11th consecutive Energy Conservation Award at the 20th Energy Conservation Centre Awards in Japan.
Fuji Xerox Australia is highly commended at the Green Globe Awards.
Fuji Xerox Australia chairs the FSC Australia board.

Fuji Xerox Australia establishes Sustainability Advisory Board.

Fuji Xerox sustainability timeline of achievements
Xerox introduces ‘power down’ (sleep) mode.

Fuji Xerox Australia begins selling a product from Europe containing recycled parts.

Fuji Xerox begins recycling parts and consumables in Japan.

1982

1989

1990

1991

1993

1994

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

Fuji Xerox begins collecting and recycling toner cartridges in Japan and recycled paper is introduced in Australia.

Fuji Xerox incorporates recycled parts in the manufacture of new products.

All major Fuji Xerox manufacturing sites achieve ISO14001 certification.

GreenWrap® 50% recycled copy paper is introduced in Australia.

Fuji Xerox introduces closed-loop recycling technology.

Fuji Xerox wins the Minister’s Award for Climate Change Leadership from the Japanese Environmental Agency.

Fuji Xerox participates in the National Olympic Landcare Project.

Fuji Xerox Australia Eco Manufacturing Centre opens and wins election to UN 500 Roll of Honour for environmental leadership.

Zero waste to landfill is achieved at the Fuji Xerox Asset Recovery facility in Japan.

Fuji Xerox Australia and Xerox collaborate to support the Sydney 2000 “greenest ever” Olympic Games.

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.

Eco Manufacturing Centre wins:
- Eureka Innovation Prize for Industry Installation of an exhibition at the Australian Museum;
- Australian Institute of Engineering Excellence Award Environment.

The 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.

Integrated Recycling Centre opens in Thailand with the capacity to disassemble and recycle 30K machines and 500K cartridges per year.

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 its first Sustainability Report.

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

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 Australia receives commendation from Association of Chartered Certified Accountants for 2007 Sustainability Report in Australia.

The Fuji Xerox Integrated Recycling Centre is opened in China with the capacity to disassemble and recycle 15K machines and 500K cartridges per year.

Fuji Xerox Australia winns an 11th consecutive Energy Conservation Award at the 20th Energy Conservation Centre Awards in Japan.

Fuji Xerox Australia is highly commended at the Green Globe Awards.

Fuji Xerox Australia chairs the FSC Australia board.

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

Fuji Xerox Australia begins recycling parts and consumables.

Fuji Xerox Australia begins selling a product from Europe containing recycled parts.

Fuji Xerox Australia establishes Sustainability Advisory Board.
Our organisation

What is in this section?

Corporate profile
OneFXA
Quality management
Embedding sustainability
Business performance
Parentage
Governance

Image: Fuji Xerox Australia head office, Macquarie Park, NSW.
Our organisation

Corporate profile

Vision
Transforming tomorrow’s documents to knowledge.

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

Fuji Xerox Australia is part of a world leading enterprise for business process and document management services. Our technology, expertise and services enable our clients — from small businesses to large organisations and government departments — to focus on their core business.

Through the implementation of efficient business processes and effective communication, we deliver the right information to the right people in the right format. Continuous innovation helps us optimise IT and print infrastructures to deploy document strategies that are waste-free, faster and more productive. This enables our customers to meet their business challenges in new ways with measurable results.

We are well recognised for our commitment to sustainability, as evidenced by the awards we have received from the United Nations and the Bankia Environmental Foundation. We help our customers reduce the environmental burden of document processes and achieve their targets in energy management and print efficiency.

With more than 8 billion pages printed on Fuji Xerox technology and in excess of 10 million documents scanned, processed and archived annually in Australia, we are using our rich heritage to create the office of the future.

To meet the needs of our customers for office supplies, we provide a wide range of products including paper, toner and finishing equipment, while at the same time, continuing to pioneer advanced speciality products.

To learn more, watch our corporate video at: bit.ly/ntIf3i

Interesting facts for 10/11

- 8 billion copies printed on Fuji Xerox Australia equipment, and 10 million documents scanned, which speaks to increasing digitisation of the ‘document’.
- 13 million reams of paper sold, of which 73 percent was certified by the Forest Stewardship Council, the Program for the Endorsement of Forest Certification or made from recycled pulp.
- Over 13,000 devices managed under Managed Print Services.
- 9.8 million images scanned in our processing centres, ready to be integrated into our customers’ business processes.
- 179 million cheques processed and 1 million invoices scanned to streamline customers’ accounts payable processes.

Our customers

Fuji Xerox customers include small businesses, graphic communications companies, government entities, education institutions, global corporate accounts, and organisations in document-intensive industries such as healthcare, legal and financial services. Our solutions are offered through the direct sales force; through a network of independent agents, dealers and value added resellers and systems integrators; and through phone and internet sales channels.

Fuji Xerox Australia head office

Level 1, 101 Waterloo Road, Macquarie Park NSW 2113
Phone: 02 9856 5000   Fax: 02 9856 5003  www.fujixerox.com.au

Organisation structure

Fuji Xerox Australia

Office Solutions Business
Small businesses to large corporations purchase printers, multifunction devices and workflow solutions from our Office Solutions Business.

Graphic Communications Business
Graphic arts and production environments purchase commercial printing systems and services from our Graphic Communications Business.

Supplies
Small businesses to large corporations purchase a wide range of products for digital printing, preparation and finishing of documents.

Global Services
Large corporations use our outsourced document management and business process services. Lines of service include:
- Document Management: Creative, Print, Mail and Office Services (print infrastructure management).

Supported by

Supply Chain Operations
Eco Manufacturing Centre
Human Resources
Customer Support Organisation
Corporate Affairs
Business Services
Information Services
Australian Container and Freight Services transforms its documentation processes with Fuji Xerox Australia

Australian Container and Freight Services (ACFS) provide supply chain logistics for clients around the world. ACFS experienced rapid growth and had reached an impasse in its ability to provide timely, accurate services to clients due to its administration procedures.

With warehouses across Australia the company recognised that they would need to devise a scalable documentation solution that would be able to support growth and provide better communications and documentation for its clients. This would require a major overhaul of its largely manual administration processes, and a more transparent method of tracking its operations.

IT manager Hong Liu and the ACFS management team had previous experience with a Fuji Xerox multifunction device, so they approached Fuji Xerox Australia with a request to automate proof-of-delivery documents to clients, along with as many of the company’s document processes as possible. Particularly urgent was invoice processing, which was causing significant internal delays and errors.

Fuji Xerox Australia analysed ACFS’s entire document system and found inefficiencies throughout the entire lifecycle of documents. We recommended integrating a suite of software solutions with a centralised web-based document management system.

In addition to uploading invoice and proof of delivery documents to the ACFS website, Richard Melville, Software Solutions Specialist at Fuji Xerox Australia, said when we talked to them we found there were a few more problems with how they manage documents, such as how they create their documents and the processes they use to inject the documents back into the system to be able to put them onto the website.

“After examining how their documents were generated, we suggested putting them into a format that meant they didn’t have to print to deliver, and that gave them the ability to put a barcode on each document and check for signatures when those proof-of-delivery documents came back from customs. We also suggested that they archive documents in our DocuShare product so they had their own audit trail,” Richard said.

“Fuji Xerox Australia was able to provide us with a more complete solution that offered value across our supply chain,” said Hong Liu. ‘At one stage, we considered outsourcing or implementing a solution commonly used in the freight industry, but recognised that Fuji Xerox was able to provide a more effective and strategic solution for our needs. Not only was the solution able to fully integrate with our existing infrastructure, it could provide us with flexibility in document design, workflow control, and process automation,” he said.

Fuji Xerox implemented an Ezescan scanning solution, Planet Press Suite personalisation software and DocuShare document management system along with a web portal to upload proof-of-delivery documents with client and employee log in access.

Together these solutions enabled:

- Increased visibility of goods with 24/7 web access to track goods at any time.
- Automated information capture and improved document accuracy and workflow efficiency, which has, in turn, increased staff satisfaction. ACFS can now receive documents within five seconds of scanning from any networked multi-function device (this used to take a week).
- Automatically accessible data which, when scanned from the hard copy becomes archived softcopy information, available across the work group and retrievable by keyword or barcode search.
- Delivery dockets, gate passes and invoices to be uploaded directly from the multi-function devices to the existing supply chain management system.
- A reduction in paper print, invoices previously printed. Now email systems automatically send invoices and proof-of-delivery documents to clients.

“Support throughout the installation phase by Fuji Xerox Australia has been excellent. As a long term strategic supplier, the team continues to propose ways that we can improve our processes to achieve our goals, adding real value to our company”,

Hong Liu
IT Manager, ACFS

To watch this case study as a video, please visit: bit.ly/rpBLJW
Our organisation

Our organisation has achieved significant growth, despite limitations in some of our processes and business systems. To achieve our future goals we require a highly integrated business, producing increasingly complex solutions that exceed client expectations.

To ensure we meet these challenges a dedicated project team of employees and external consultants are defining our future business model, designing the processes and identifying how to best leverage applications and technology to support our future business needs.

This project is code-named ‘Shakespeare’ and aims to design our future way of working as oneFXA so that we can achieve our Integrated Document Services (IDS) vision. This work will enable us to meet changing market needs, grow future market leadership, and ultimately make it easier to do our jobs.

Since the beginning of the project in late 10/11 over 237 business processes have been defined covering ‘Market’, ‘Innovate’, ‘Sell’, ‘Contract’, ‘Fulfil’, ‘Service’ and Support’, ‘Bill’ and ‘Collect Money’. We will continue working towards developing the blueprint for change in 11/12. The focus will be on consultation within the business, mapping business processes, undertaking gap analysis and making recommendations for future technology systems and support.

OneFXA

In the past couple of years our leadership has taken steps to align our organisation under a new vision and mission statement. Building ‘oneFXA’ is a key enabler of our shared strategic objectives. OneFXA is about each individual, manager, leader or team thinking, feeling and acting in the best interest of the customer, internally or externally, and not being influenced by selfish goals or inter divisional disinterest.

Our people play a central role in delivering a great experience for our customers, internally or externally. By living the oneFXA value system, we will see fundamental changes that will help us build a sustainable organisation for the future.

It’s important that we fully understand how our people experience oneFXA, and that we identify and address any blockages/drivers if we are to foster cross-divisional collaboration. To explore oneFXA dynamics in greater depth we undertook a series of workshops involving senior managers, sole contributors and state general managers nationwide. These workshops took place after the close of the year under review and revealed the following preliminary insights.

- In general, oneFXA teamwork is good and has improved significantly in the past two years. The focus on oneFXA is yielding positive results, including changing behaviours that improve the bottom line through cross-selling. The much more inclusive approach to meetings, events, launches and award systems is helping our people to feel more included. There is encouraging evidence we are forging the relationships and improving the communications that are essential to achieving oneFXA.

- But there are still many barriers to be overcome, most notably the different incentive systems across our three sales divisions. There are also many examples of business processes that make it difficult to operate as oneFXA and where, as a result, our people have developed relationships and behaviour to work around those barriers. Another barrier to achieving oneFXA is the relationship between head office and state branches, which can sometimes be characterised by a ‘them and us’ mentality that cuts both ways.

In 11/12 we will be exploring these themes in greater detail, developing strategies that will address the key barriers and recognising where great work has been done in building oneFXA.

Project Shakespeare

Project Shakespeare aims to design our future way of working as oneFXA so that we can achieve our Integrated Document Services (IDS) vision.
In our last report we identified weaknesses in our approach to quality and committed to reinvigorate quality and focus on our core value of continuous improvement.

The quality management system (QMS) developed under the framework of ISO 9001 is still not receiving the necessary focus and resourcing within the organisation to ensure that it is well maintained and developed as our business grows.

While our environmental management is mature and safety management is currently receiving overdue attention, our approach to quality is weak in comparison. This is due to:

• A view that ISO 9001 certification is valuable as a ‘seal of quality approval’ in sales proposals and tenders, but not as a system that can assist the business with innovation, risk management and continuous improvement.
• The focus in the past on customer satisfaction systems and processes at the expense of managing the QMS and the internal audit function.
• Delayed decision-making with regard to the adoption of a consistent problem solving methodology for our business.
• Weak management support for the QMS as evidenced by the lack of a management review of the system, audit findings and improvement objectives identified in our sustainability report, resulting in a non-conformance since the close of the year under review.

This leaves the organisation somewhat exposed in governance, compliance and risk management. Our leadership is committed to improving our approach in these fundamental areas. The establishment of sub-committees, a more rigorous planning and review process and the recruitment of a new quality manager will help us make the required changes.
**Embedding sustainability**

There is clear leadership recognition that we are accountable to stakeholders for not only business results but also for our social contribution and environmental impact.

Our executive 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. Our managing director is committed to building a sustainable Fuji Xerox Australia and has ultimate responsibility for our sustainability performance.

**Stakeholder engagement**

In terms of how well we listen and respond to our stakeholders’ concerns we are still developing the formal mechanisms that will capture all relevant views. This is illustrated in our stakeholder engagement framework, which has identified some gaps, although we do have well-developed staff and customer engagement tools.

Internal perspectives heavily influence the organisation’s identification of sustainability issues. This was highlighted in last year’s report; 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. Ideally, we should identify and address our sustainability issues in collaboration with all relevant stakeholders.

We took steps towards this objective in 10/11 by running a stakeholder workshop to identify which issues would go into this report. We asked key members of staff to role-play the stakeholder they were closest to so that we could consider what that stakeholder would like to see in this report and how the report content should be delivered to them. The output from that workshop was combined with stakeholder research and our previous list of material issues so that we could build a comprehensive and current list of material issues for this report.

We also asked our newly formed sustainability advisory board to provide comment on this list. This board is made up of representatives from peer companies, customers, suppliers, the investment community, universities and environmental non-government organisations. The board meets twice annually and its mandate is to provide input to our materiality process, comment on strategy, provide guidance on strategic changes in direction and policy, and review our sustainability report and annual performance.

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

**Our sustainability report is assured to AccountAbility 1000 standards.**

This means our auditor tests how well we have applied these 3 principles across our business.

- **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.
<table>
<thead>
<tr>
<th>Engagement mechanisms</th>
<th>Parent company</th>
<th>Employees</th>
<th>Customers</th>
<th>Dealers</th>
<th>Suppliers</th>
<th>Industry</th>
<th>Government</th>
<th>Community orgs</th>
<th>Environ. orgs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inform</strong></td>
<td>Sustainability reporting Biannual environmental reporting</td>
<td>Corporate communications Sustainability reporting and e-newsletter Environmental training Induction process</td>
<td>Sustainability reporting and e-newsletters Environmental brochures Web developments</td>
<td>Sustainability reporting Dealer sustainability program</td>
<td>Sustainability reporting and e-newsletter Sustainability code for suppliers</td>
<td>Sustainability reporting</td>
<td>Sustainability reporting Equal Opportunity for Women reporting Policy feedback</td>
<td>Sustainability reporting United Way and ABCN channels</td>
<td>Sustainability reporting</td>
</tr>
<tr>
<td><strong>Consult</strong></td>
<td>Annual CSR survey</td>
<td>Employee engagement survey Community program survey 'Green Gripe' survey</td>
<td>Customer surveys Sustainability presentations Win/loss review</td>
<td>Dealer satisfaction survey</td>
<td>Supplier survey</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Involve</strong></td>
<td>Regional CSR committee</td>
<td>Employee engagement focus groups</td>
<td>Social media (live chat) Customer round tables</td>
<td>Dealer conference Dealer sustainability webinars</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Collaborate</strong></td>
<td>Regional CSR workshops</td>
<td>Employee engagement working group Environmental coordinators annual workshop Community champion workshops</td>
<td>Sustainability on service centre sites</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Empower</strong></td>
<td>Corporate environmental target setting Product environmental features</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Inform:** Providing stakeholders with balanced, objective information

**Consult:** Obtaining stakeholder feedback

**Involve:** Working directly with stakeholders to ensure concerns are understood

**Collaborate:** Partnering with stakeholders in the development of solutions

**Empower:** Placing decision-making in the hands of stakeholders

**Inform:**
- Sustainability reporting
- Biannual environmental reporting

**Consult:**
- Annual CSR survey
- Regional CSR committee

**Involve:**
- Regional CSR workshops
- Corporate environmental target setting

**Empower:**
- Product environmental features

**Inform:**
- Parent company
- Employees
- Customers
- Dealers
- Suppliers
- Industry
- Government
- Community orgs
- Environ. orgs

**Consult:**
- Sustainability reporting
- Biannual environmental reporting
- Annual CSR survey
- Regional CSR committee

**Involve:**
- Regional CSR workshops
- Corporate environmental target setting

**Empower:**
- Product environmental features
Materiality process

The purpose of our materiality process is to allow different stakeholder perspectives to influence the identification and prioritisation of our sustainability issues. Once these issues are understood and ranked, they should be fed into our risk management process and considered during business planning and review. This is the essence of embedding sustainability. If we formalise a process for considering internal and external stakeholder perspectives on our

**Regional collaboration on sustainability**

In 09/10 we began to work on sustainability at a regional level with Fuji Xerox Company Ltd. and Fuji Xerox Asia Pacific Office (APO), which supports nine operating companies. A Corporate Social Responsibility (CSR) working group was established with a view to ensuring our customers’ sustainability drivers are fully understood and responded to.

In 10/11 the working group focused on building capability across the operating companies. Sustainability champions were nominated by Fuji Xerox management to drive integration of sustainability into their respective companies and markets. A series of workshops engaged the champions in fundamentals of sustainability, Fuji Xerox achievements and provided support for embedding sustainability and bringing it to their customers.

Two workshops have been held, in December 2010 and June 2011, with the next one planned for November 2011.

- **Declaration signed by Fuji Xerox IBG Sustainability Champions.**
economic, social and environmental performance within our planning, management and review systems we will build an essential enabling mechanism for a sustainable Fuji Xerox Australia.

In the past, efforts to bring stakeholder perspectives more formally into risk management, business planning and review have been frustrated by weaknesses in those processes. We have already made some progress in improving the business planning and review process. In 10/11 divisions began to adopt a consistent set of strategic planning and reporting tools and we conducted a series of management workshops to align divisional plans under shared strategic goals.

In 11/12 we will undertake a strategic diagnosis of how we plan and review. At this stage it’s not clear what our improved processes will look like. However, aligning materiality and risk management with these processes will be one of our desired outcomes. We will formalise how we cascade the objectives from this sustainability report into our planning and review systems. This will also address the QMS non-conformance we have received since the close of the year under review.
## Business performance

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

### 10/11 objectives
- 10.7% growth in total revenue across Fuji Xerox Australia (based on improved market conditions).
- $919.9m revenue, a 16% increase on 09/10 with acquisitions included, 8.2% increase in organic growth.
- Global services revenue grew 2.4%.
- Equipment revenue increased 11.4% organically.
- Document supplies revenue increased 13.7%.
- Annuity revenue grew 5.5% organically.

### 11/12 objectives
- 16.8% growth in total revenue across Fuji Xerox Australia (includes acquisitions).

### Revenue vs operating costs

![Revenue vs operating costs chart](chart.png)

### Message from Phil Barter, Executive General Manager, Business Services

Our business performance should be considered in the context of the Australian economy, which has settled into ‘two speed mode’, where the strength of the mining sector masks underlying weakness in other sectors. Added to this, the natural disasters in the March quarter, particularly the Queensland floods, reduced GDP growth by 1.7 percent to a modest 1 percent for the year.

Against this backdrop, Fuji Xerox Australia set about achieving double digit revenue growth through investment in the existing business and through acquisition. This investment was rewarded by growth in all areas of our existing business, which grew 8.2 percent organically. This increases to 16 percent including the acquisition of Triangle and Upstream.

Total revenue of $919.9 million reflects a solid performance in a tough market. With this growth we have maintained our market leadership position in our key market segments.

The weakness in the economy beyond the resource sector was apparent in the difficulty some customers had in paying accounts, particularly in the graphic communications sector and across small and medium enterprises. We incurred higher than anticipated bad debts in the year and continue to work with our customers to closely manage the situation.

One favourable economic factor was the strength of the Australian dollar against the Japanese yen and US dollar.
This effectively decreased the inter-company costs of products and therefore helped drive market activity and protect product margins.

The increasing commoditisation of traditional product lines offered to customers, together with larger customers moving to a tendering process for buying office equipment, has continued to challenge profit margins. We will address this challenge by delivering on our mission of integrated document services, which will lead us to invest and innovate as we adapt to shifting market conditions.

In the year under review revenue from equipment sales increased by 11.4 percent as a result of investment in our sales coverage model and targeted marketing activities, with office colour devices being a major contributor to the success. Sales of office colour equipment increased by 34 percent on the back of a new family of flagship products and more than compensated for a decline in black and white equipment sales. While the release of a light production colour device, the PC700, was very successful, unit sales of graphic communications colour equipment decreased by 5 percent.

Annuity revenues are largely derived from equipment support services agreements, and are fundamental to our long term business sustainability. The 5.5 percent growth in 10/11 is due to:

- an increase in the units of equipment in the field
- the number of impressions produced on that equipment, which at 13.9 billion prints for the year represents a 2.9 percent increase over the prior year, and
- the continuing trend to colour which is reflected in a 20 percent increase in colour prints, which offsets a 0.35 percent decline in black and white prints.

Global Services experienced a modest rate of growth with services-based revenue increasing by 2.4 percent. Our customers include many financial services sector customers and other large organisations that were negatively impacted by the economy, resulting in lower activity. The sales cycle for acquiring new business is often greater than a year, and while we did not achieve the growth in new business that we planned, we created a significant sales pipeline that we will realise in the 11/12 year.

Our Supplies division achieved a 13.7 percent growth in revenue, while maintaining a healthy margin in a highly commoditised market. The growth was the result of investment in management capability and re-engineering the sales coverage model.

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. In July 2010 we acquired Upstream Print Solutions, which at the time was the largest independent managed print services company in the Australian market. The complementary fit in terms of target market segmentation has increased our customer base and market share substantially. We also acquired Upstream’s main lease finance portfolio from a third party finance company.

The group increased its total asset position by 40 percent to $1.4 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.

The following charts provide a summary of actual payments made to employees and government during the year, including payments made by the company to employees of our Regional Support Centre and ANZ Hub (these employee payments are charged to our immediate parent company for accounting purposes). Eight months of Upstream financials are also included.
Parentage

Fuji Xerox Australia is an operating company, managed regionally through Singapore-based Fuji Xerox Asia Pacific Pty Limited, with a Japanese parent Fuji Xerox Company Limited.

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).

Governance

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. Operational direction for the business is agreed within an annual operating plan that is developed with APO guidelines and agreed prior to the commencement of our financial year.

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 executive general managers of the business, as well as general managers from APO. Our managing director chairs the board. Operational control is affected through the office of the managing director supported by the executive 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.

Some improvements are planned to our governance structure through the establishment of sub-committees focused on people, policy, risk and technology. We know we have work to do on risk management and the introduction of a dedicated sub-committee will drive renewed focus in 11/12.
What is in this section?

Message from the Executive General Manager, Human Resources
Employee engagement
Staffing levels
Remuneration
Non-financial recognition
Health and safety
Employee engagement in community programs

Image: Fuji Xerox Australia employees at our head office in Macquarie Park, NSW.
Our people

Our people being able to provide efficient and effective access to modules as required. In addition we have expanded our management and leadership development curriculum. Our new ‘Management to Leadership’ program will be piloted in 11/12. It is designed to enhance the skills and understanding of all our managers so they can become more effective managers and leaders of this organisation.

At the other end of the employee lifecycle we have increased our associate intake from six in 09/10 to 26 in 10/11. We widened the scope of the roles we recruited and we are pleased to see the contribution new talent has bought into the organisation. To support this larger group and the previous year’s intake, we have now created a dedicated associate program manager role. We expect our intake for the next year to be at a similar level.

Finally, the organisation is currently investing in an enterprise-wide review of key business processes. This will result in recommended changes to technology and processes that will provide better information and visibility across the entire employee lifecycle, including recruitment and onboarding, payroll and data management, talent and performance management, and recording exit and termination data. It is anticipated that this will improve decision support information by providing better employee data across many dimensions.

Message from Beth Winchester,
Executive General Manager,
Human Resources

The 10/11 year has been one of challenge and change. The business results have been strong and the focus on the transformation of our leadership and culture is starting to show positive results.

We have recruited two new executive general managers, which has added capability to the executive leadership team and had a positive effect more broadly across our business. The titles of our general managers have been changed to executive general managers. This has allowed us to expand several senior management roles into general manager roles, in response to the expanding breadth and depth of our operations.

The results of our 10/11 engagement survey show an increase of 2 percent to 57 percent of employees who are fully engaged. While we continue to have challenges in improving the employee experience in some divisions, in others there has been a significant increase in engagement.

Investment in the development of our people continued with the launch of a new learning management system which will provide accurate recording of activities undertaken as well as being able to provide efficient and effective access to modules as required. In addition we have expanded our management and leadership development curriculum. Our new ‘Management to Leadership’ program will be piloted in 11/12. It is designed to enhance the skills and understanding of all our managers so they can become more effective managers and leaders of this organisation.

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Diversity

Our approach to diversity is critical to our aim of becoming an employer of choice by 2015. This means consideration of the total employment experience for our people whatever their gender, age, race and ethnicity. A key milestone as we go forward is to become accredited as an Employer of Choice for women. Key actions that have already been implemented to help us achieve this include:

- provision of a maternity room at our head office
- gender based analysis of our current remuneration levels to identify any equity issues
- the development of ‘Respect’, our workplace behaviour online training module, which will be rolled out to all employees in 11/12
- amendment of parental leave policies to include enhanced superannuation benefit beyond government requirements.

We will continue this focus on diversity over the next 12 months, but were nevertheless encouraged by the response received in the recent engagement survey to the question: ‘this organisation is committed to creating a work environment that embraces diversity’—77 percent of employees agreed.
Employee engagement

Direction

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

10/11 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target improvement in overall engagement to 60%.</td>
</tr>
<tr>
<td>Overall engagement levels increased from 55% to 57%.</td>
</tr>
</tbody>
</table>

Run employee engagement focus groups and prepare action plans to address issues arising.

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed engagement focus groups and prepared action plans to address issues.</td>
</tr>
</tbody>
</table>

11/12 objectives

- Target improvement in overall engagement to 62%.
- Focus groups will be conducted primarily by managers and with action plans prepared to address issues that arise.

Our goal of being an employer of choice by 2015 is underpinned by having a highly engaged and committed workforce. This means our employees see Fuji Xerox Australia as a great place to work, they act as advocates for our brand and they are highly motivated to provide customers (internal and external) and stakeholders with a unique experience.

Engagement levels

Our fourth engagement survey was conducted in April 2011 with a participation rate of 65 percent, in comparison to 67 percent in our 09/10 survey. The key findings indicate that 57 percent of employees are fully engaged, up 2 percent on the previous survey, and 21 percent are nearly engaged, down 3 percent. We are encouraged by this result and will focus on understanding how we can further improve. Our next survey will be conducted in March/April 2012.

Incidences of discrimination

In the year under review we have had no incidences of discrimination reported. When complaints of this nature are made they are escalated to our Human Resources team, who investigate and make a finding. Depending on the outcome, incidences of discrimination are handled through performance management, and in serious cases can lead to termination.

![Fuji Xerox Australia employee engagement levels.](image-url)

Fuji Xerox Australia St Kilda Road office, VIC

![Fuji Xerox Australia at Kilda Road office, VIC](image-url)
Engagement drivers

During 10/11 we have worked to improve the employee experience. This is reflected in our improved score and in the shift of key engagement drivers. In previous years technology and communications were improve engagement drivers for our people; we are pleased to see that is no longer the case with the appointment of a Chief Information Officer and the establishment of a new corporate communications team. In 10/11 we benefited from an upgrade of our technology platform, a laptop refresh and enhanced PDAs. While communications have also improved, with feedback from our people that they feel better informed of major change initiatives, our approach to change management itself still requires attention. We have also received feedback about the areas where we need to sustain our performance. In 11/12 we will hold employee focus groups to more fully understand our people’s views on these issues and how we can improve.

<table>
<thead>
<tr>
<th>Improve engagement drivers</th>
<th>09/10</th>
<th>10/11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brand alignment: we deliver on the promises we make to our employees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The question of brand promises relates to how well we live up to the promises we make to our people when they start work in our business.</td>
<td>42%</td>
<td>37%</td>
</tr>
<tr>
<td><strong>10/11 response:</strong> Employee roadshows were conducted at each major site to ensure employees understood the benefits both tangible and intangible that are available to them.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Career opportunity: a favourable set of circumstances exist for our employees’ future with us</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This issue relates to how we provide a clear framework of how to progress in the organisation and define what success looks like.</td>
<td>43%</td>
<td>41%</td>
</tr>
<tr>
<td><strong>10/11 response:</strong> We have continued the review of position descriptions and focused on a robust performance management system to clarify to our people what is expected of them to be successful. Investment in our talent program has also continued. This provides a framework for nurturing our high-achievers and developing their full potential.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Change management: major organisational change programs are well managed and help to deliver better performance.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>35%</td>
<td>32%</td>
</tr>
<tr>
<td><strong>10/11 response:</strong> A change management framework has been developed with assistance from an external provider and is currently being tested as part of a major business process review project.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Performance management: the formal performance management process provides valuable feedback and guidance to improve performance.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>33%</td>
<td>37%</td>
</tr>
<tr>
<td><strong>10/11 response:</strong> Performance management is a new driver and we will actively seek feedback as to how we can improve perceptions in this area.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sustain engagement drivers</th>
<th>09/10</th>
<th>10/11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sense of accomplishment</strong></td>
<td>65%</td>
<td>66%</td>
</tr>
<tr>
<td>This relates to the satisfaction employees derive from their work.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Work activities</strong></td>
<td>60%</td>
<td>63%</td>
</tr>
<tr>
<td>This relates to the level of engagement our people derive from day to day work activities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Diversity</strong></td>
<td>77%</td>
<td>73%</td>
</tr>
<tr>
<td>This related to the extent to which our work environment values differences by accepting a wide range of ideas and people from various backgrounds and treats them fairly.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Company reputation</strong></td>
<td>59%</td>
<td>56%</td>
</tr>
<tr>
<td>This relates to employees’ perceptions that the organisation is regarded as a good place to work outside the organisation.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

† Percentage of employees who agreed or strongly agreed with the statements.
† Some of these roadshows occurred after the close of the year under review. Roadshows were primarily conducted by the Human Resources team, with managers communicating messages at smaller sites and with offsite based employees.
**Staffing levels**

At the close of the year under review we employed 2030 people, a 10 percent growth on the total number of employees at the close of the previous year.

Our attrition rate increased from 12.6 percent in 09/10 to 15.7 percent in 10/11 with 311 permanent staff leaving our employment. This is broadly in line with the average industry attrition rate average of 16.1 percent for the same period.

*This excludes contractors as our systems do not currently allow them to be counted. It also excludes the employees of Upstream, a wholly owned subsidiary.*
Our people

Remuneration
Fuji Xerox Australia has a competitive remuneration strategy which helps us to access to the appropriate talent we need to grow our business.

We factor in current business performance, market and role specific trends. During the year under review we completed our annual remuneration review for salaried and professional employees. Our employees covered by enterprise agreements receive amendments as outlined in the conditions contained in those arrangements.

We have investigated the variation in percentage salary increase by gender in managers’ and sales managers’ remuneration (in the most recent salary review) and have again found a number of factors influencing how people are paid, including tenure, experience, role function and location. We have implemented a new process as part of our annual remuneration review that will identify whether there are patterns that require attention. This will help us ensure equitable remuneration increases for identical roles.

Employment positions by gender and salary

<table>
<thead>
<tr>
<th>Position</th>
<th>Percentage</th>
<th>Average salary $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>W</td>
<td>M</td>
</tr>
<tr>
<td>Senior Executives</td>
<td>8 %</td>
<td>92%</td>
</tr>
<tr>
<td>Senior Managers</td>
<td>21%</td>
<td>79%</td>
</tr>
<tr>
<td>Managers</td>
<td>25%</td>
<td>75%</td>
</tr>
<tr>
<td>Team Leaders</td>
<td>19%</td>
<td>81%</td>
</tr>
<tr>
<td>Sales Staff</td>
<td>21%</td>
<td>79%</td>
</tr>
<tr>
<td>Technical Staff</td>
<td>14%</td>
<td>86%</td>
</tr>
<tr>
<td>Functional Staff</td>
<td>57%</td>
<td>43%</td>
</tr>
<tr>
<td>Admin staff</td>
<td>91%</td>
<td>9%</td>
</tr>
<tr>
<td>Vocational Staff</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>Total</td>
<td>28%</td>
<td>72%</td>
</tr>
</tbody>
</table>

Non-financial recognition
Currently we have three forms of non-financial recognition: formal recognition, informal recognition and long service awards.

Our formal and informal recognition program works through a nomination process to recognise the contribution of employees who support customer satisfaction and display our values in their day-to-day work. Compliments and commendations from internal and external customers are collated and analysed, resulting in formal recognition which is given through managing director awards, branch awards, national, state and local awards. In terms of informal recognition, managers are encouraged to show appreciation to both individuals and teams for a job well done. Service awards are given in recognition of long service at five-year intervals.

In addition to the above, our President’s Club and President’s Award recognise pre-eminent performance from longstanding members of staff. In 10/11 the Fuji Xerox International Business Group (IBG) President’s Club and Award program recognised Peter Jenkins and Ritesh Pathak for their sustained performance in driving outstanding sales achievements and displaying role model behaviours and Nayyar Ghaznavi for his sustained record of outstanding contribution for the broader business.

In 10/11 we assessed our approach to recognition of employee service milestones. Employees now receive a cash reward at each five-year milestone in addition to a corporate branded gift. This has been well received by our employees and replaces a very outdated approach. In 11/12 we will review other recognition programs and launch our non-sales incentive program called the Pinnacle Club.

Benefits
During 10/11 we conducted a national road show to provide employees with an update on the range of benefits we provide. Permanent (both full-time and part-time) employees are entitled to a range of benefits. The following table indicates the number of employees who availed themselves of each benefit during the reporting period.

Benefits availed in 10/11

<table>
<thead>
<tr>
<th>Staff benefit</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company superannuation with life and disability insurance</td>
<td>1,594</td>
</tr>
<tr>
<td>6 weeks paid parental leave†</td>
<td>23</td>
</tr>
<tr>
<td>Paid child birth leave of up to one week</td>
<td>74</td>
</tr>
<tr>
<td>Community Service Leave‡</td>
<td>4</td>
</tr>
<tr>
<td>Novated leasing for motor vehicles</td>
<td>130</td>
</tr>
<tr>
<td>Healthy heart checks</td>
<td>821</td>
</tr>
<tr>
<td>Flu vaccinations</td>
<td>377</td>
</tr>
<tr>
<td>Employee Assistance Program</td>
<td>49</td>
</tr>
<tr>
<td>Employee Referral Scheme</td>
<td>18</td>
</tr>
<tr>
<td>Controlled access to the internet for personal use#</td>
<td>Most</td>
</tr>
</tbody>
</table>

| * Average salary for female senior executives is not disclosed as we only employ one. |

† 23 women took parental leave and all but 1 returned to work, the number of men taking parental leave is under-reported in our systems.
‡ 27 days of community service leave was awarded in 10/11, with only 4 days being officially reported as taken in our HR system (we believe the number of days taken is under-reported due to employees making informal arrangements with their managers).
# Temporary staff have access to this benefit only.
“It’s extremely humbling to be one of the 2011 recipients of the IBG President’s award. Most pleasing were the notes of congratulations from staff all over Australia thanking me for the little things which make a difference.

I am firm believer that a key to individual performance and success is to have a quality team around you and I would like to thank all of those colleagues within Information Services and the broader business who have assisted me over the past year to achieve this recognition.

I would also take the opportunity to thank the Executive Leadership Team for their encouragement over the past 12 months and ongoing support.”

Nayyar Ghaznavi
Technology Operations Manager
### Health and safety

#### Direction

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

#### 10/11 objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruit a national health and safety specialist to work with our executive team and the health and safety steering committee in developing strategies to embed a safety culture in the business.</td>
<td>A national health and safety manager was appointed in September 2010, with the addition of two further safety professionals to build a national health and safety team of five.</td>
</tr>
<tr>
<td>Create and implement benchmark rehabilitation and injury management systems and processes.</td>
<td>An external review of national workers compensation management and systems was conducted. A key recommendation was to appoint a dedicated injury advisor. This position was filled in June 2011.</td>
</tr>
<tr>
<td>Identification and elimination of unacceptable risks in the workplace through further development and operational deployment of the new incident and injury database.</td>
<td>Knowledge and awareness has improved through the review and communication of our national safety policy, the development of a new safety training package and improvements to the functioning of our site safety committees.</td>
</tr>
<tr>
<td>The development and implementation of an OHS risk assessment framework, including a more rigorous site audit program.</td>
<td></td>
</tr>
<tr>
<td>In addition to LTIFR reporting, the final phases will allow for causal analysis and identification of high risk areas.</td>
<td>The reporting of hazards, incidents, injuries and near misses has enabled root cause investigation and corrective actions to be taken to reduce risk in identified areas. This will continue to be our approach to risk assessment and mitigation.</td>
</tr>
<tr>
<td>Raise our people’s knowledge and awareness for safe work practices.</td>
<td></td>
</tr>
<tr>
<td>We are targeting a minimum 10% improvement in LTIFR for 10/11 and will benchmark our performance against other similar operations.</td>
<td>Our LTIFR was 10.76 and the number of lost time injuries was 38.</td>
</tr>
</tbody>
</table>

#### 11/12 objectives

- Implement the health and safety strategic plan.
- Target LTIFR of eight with greater confidence in accurate data.
- Streamline injury management processes to reduce lost time injuries and claims timeframes to minimise personal impact of injuries to employees.
- Deliver a health and safety management system that is in line with legislative requirements.
- Improve health and safety communications and access to resources through web developments.
- Increase reporting on all hazards, incidents, injuries and near misses to identify all risks and implement appropriate corrective actions and further reduce risk.
- Continue safety training to management and safety committee members
- Release a new employee safety induction program
- Improve dashboard reports to executive and divisional management and employees.

### 10/11 has witnessed a robust review of health and safety management facilitated by the establishment of a national health and safety team.

While some fundamentals and priority areas were addressed, significant work is still required for our health and safety management system to be effective. Strong leadership, safe behaviour, continuous risk reviews, reduction of injuries and the continuous improvement of our system, will drive our safety performance. In addition we need to embed and support a safety culture within our organisation.

### Establishing a safety culture

There is no one measure that will establish a safety culture in our organisation. We are aware this will be the long-term outcome of leadership endorsement, awareness-raising and capability development, supported by a rigorous approach to safety management, reporting and risk mitigation. However, encouraging a leadership focus on safety has been critical in shifting perceptions of health and safety from a regulatory compliance exercise to a fundamental management function that cannot be neglected.

In the year under review our executive leadership team, in consultation with employees, reviewed and updated the organisation’s health and safety policy. Safety consultation with senior management has been another area of focus. Executive general managers, the management community and other key management groups have participated in safety training. Safety is now the first agenda item at many management meetings.

### Improving safety management

Our first step in improving safety management was an audit in line with AS/NZS 4801 standards on our safety management system. The audit identified a range of issues and areas for improvement in our policies, plans, implementation, measurement and evaluation and management review.
The areas for improvement have been prioritised based on risk and form the basis of our new health and safety strategic plan, which will be implemented in 11/12. A key audit recommendation was the revision of the existing safety manual so that our people would have a user-friendly resource providing clear guidance and assistance. Work on this manual has commenced and will be completed in 11/12.

In 10/11 we had an objective to create and implement benchmark rehabilitation and injury management systems and processes. An external third party has conducted a preliminary assessment, policy and procedure review and gap analysis of our national workers compensation management and systems. Based on their recommendation, an injury management advisor was appointed to assist injured workers and support their return to work goals.

Strong safety management will also be enabled through the effective operations of our site committees. In 10/11 we reviewed the efficacy of our committees; ensuring participants attend the required training. In addition, our first aiders and emergency response teams have also received the training required to support them in their roles.

Strong leadership, safe behaviour, continuous risk reviews, reduction of injuries and the continuous improvement of our system, will drive our safety performance.
Measuring safety performance

A number of safety indicators such as claimable injuries, lost time injuries (LTIs) and lost time injury frequency rate (LTIFR) are now regularly monitored against targets and form a key component of our safety strategy.

In 09/10 we achieved an LTIFR of 8.7; however we have low levels of confidence in the accuracy of the data for that year and for 10/11. We have taken steps to ensure data accuracy will be improved in 11/12. Our LTIFR for the year under review was 10.76 and the number of lost time injuries was 38. This increase reflects improved levels of reporting and greater visibility over injuries in the workplace.

While the business did not achieve the targeted 10 percent reduction in LTIFR during this period, the recent expansion of the safety and injury management team(s) will provide the skill base to support the business in this goal.
Mitigating safety risks

Risk assessment and risk management have been high priorities in the year under review. We found that our warehouses, our Eco Manufacturing Centre, the Customer Support Organisation and our Global Services operations on customer sites require closest attention; these aspects of our business are being provided the highest levels of safety support to reduce the risk of incidents and injuries.

Improved hazard and incident reporting has been structured to ensure proactive reporting of incidents so that risks can be identified and mitigated. Reporting is quickly followed by investigation to determine root causes, in a way that maximises consultation with key stakeholders, and leads to corrective actions being taken to reduce risk. The safety team also support the business with risk assessments, safe work method statements and records these matters in safety committee minutes.

Safety inspections have been conducted at 12 of our 20 locations and at several Global Services customer sites, leading to the identification of risks so they can be rectified and safety improved within these work areas. Where required, we have engaged specialist consultants such as hygienists and safety professionals to gain reports and recommendations to further address and remedy specific risks.

Contractor management has been another high-risk area of focus. We were audited by a key customer who reviewed our systems and processes for contractors. We are working with the customer to review and improve our safety management procedures for contractors to bring us into line with the customer standards for working in isolated geographic locations. Work has also begun on reviewing our contractor management procedures across all areas of the business. We have created an information kit and safety handbook, which contains specific site induction details and safety resources to support the safety management of our contractors on site. These will be rolled out in 11/12.

Forklift training, re-skilling, and licence management for our warehouse staff has also been a high risk area requiring specific attention. A database has been set up with licence renewal timeframes, and this is monitored closely to ensure all employees are re-accredited according to licence requirements.
Employee engagement in community programs

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

<table>
<thead>
<tr>
<th>10/11 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilot United Way community impact model.</td>
<td>▶ We supported the development of the United Way community impact model.</td>
</tr>
<tr>
<td>Partner with two to three education charities under United Way auspices.</td>
<td>▶ Partnered with six education charities in NSW, VIC, QLD, SA and WA through United Way.</td>
</tr>
<tr>
<td>Launch New Hire Giving Program.</td>
<td>▶ New Hire Giving program was launched, with 22 new hires registering for the program in 09/10.</td>
</tr>
<tr>
<td>Review resourcing of community program management.</td>
<td>▶ Resourcing of the community program was reviewed and additional support will be provided to the program in 11/12.</td>
</tr>
<tr>
<td>Review donation policy for disaster relief and ad hoc requests.</td>
<td>▶ Donation policy was reviewed by the Community Committee.</td>
</tr>
<tr>
<td>Continue to expand ABCN activity.</td>
<td>▶ ABCN activity continued to grow across the business, with our SA site taking part for the first time in 10/11.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11/12 objectives</th>
</tr>
</thead>
</table>
- Continue to support and participate in the development of the United Way community impact model.
- Develop closer ties with nominated education charities through United Way and expand volunteering opportunities with an education focus.
- Deploy United Way WorkPlace Giving campaigns across the business with a view to increasing participation rate to 10%.
- Continue to expand ABCN activity.
- Refresh the Community Service Awards program communications and promotion.

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 employee 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 who can contribute to the growth of our business and society as a whole.

Our key current initiatives include our long-standing relationship with United Way and our WorkPlace Giving program managed through their e-way portal, our 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 local community volunteering opportunities for our employees. In addition to supporting the community impact model in the area of education (see opposite) we also took part in United Way’s Christmas giving appeal. Our participation in the campaign was very successful, with 544 employees taking part and raising $13,925.

In 10/11 our employee participation rate in WorkPlace Giving continued to decline. This was due in large part to donors leaving the organisation during the year under review. Another reason for the decline, which was identified last year by the central Community Committee, was that new starters were not made aware of the program. In 10/11 we launched a New Hire WorkPlace Giving promotion, donating $100 to local community organisations in each state for every new starter that registered for WorkPlace Giving (they did not have to make an ongoing donation). Twenty-two new hires registered for the promotion in the year under review.

Last year we also found that many employees didn’t connect with the United Way brand or with how our WorkPlace Giving funds supported local communities in need. In 10/11 we continued to work with United Way to align our employee volunteering opportunities with educational organisations, partnering with six education charities in NSW, VIC, QLD, SA and WA. In 11/12 we will continue to develop these relationships to encourage our employees to connect more closely with these organisations.

In 11/12 we will also launch a United Way workplace giving campaign across the business, focused on helping our employees understand the link between our WorkPlace Giving program and assisting local communities in need. We aim to increase our WorkPlace Giving participation rate to 10 percent.
Supporting United Way’s Community Impact model

Education issues in Australia

Studies show that one in four Australian children are not adequately prepared to start school, with socially and economically disadvantaged children under five among the most vulnerable. Moreover, of children in care, 92 percent are below the average reading level at the age of seven and 75 percent fail to finish school.*

Good literacy, numeracy and social skills are essential for children to be in the best position to start school. Without them, they can experience difficulties that have life-long impacts like not completing school, leading to unemployment or fewer job opportunities; developing behavioural problems or mental health issues, resulting in social integration difficulties and increased likelihood of becoming a teenage parent or engaging in criminal activity.

The factors behind why children do not reach their potential in life often occur through no fault or control of their own. These include belonging to a family that is culturally or linguistically diverse, coping with financial hardship or living in an area with limited resources and support.

Addressing these education issues is the driver for our relationship with United Way. They have developed a unique approach to Australia’s social issues called Community Impact. By building and mobilising coalitions (made up of corporate partners, government bodies, communities, institutions, parents and individuals) through common goals, United Way can achieve systemic, high impact and long-lasting change for local communities.

We support the community impact model via our WorkPlace Giving program which enables United Way to fund a number of important education-related community-based programs. We are also providing them with valuable feedback as they pilot initial approaches with our staff.

In 10/11 we continued to work with United Way on aligning our volunteer program with our focus on education. Our volunteers participated in eighteen corporate connect volunteering days that were held nationally (ten in NSW and the remainder in VIC, QLD, ACT, SA and WA) and worked directly with local education community organisations in need of assistance. Examples of these activities included:

- At Learning Links in Sydney, volunteers provided a splash of colour and light to freshen up two classrooms and adjoining offices, providing a far more enjoyable space for the children and staff of the centre.
- At Integrated Family & Youth Services (IFYS) in Brisbane our volunteers turned a barren patch of lawn at an emergency accommodation centre for young people into an edible garden that will give the IFYS clients the opportunity to grow their own herbs and vegetables and enjoy the experience of cooking and eating their own produce.
- In Perth our employees renovated premises at the Carson Street School, which is Western Australia’s only Primary Education Support School catering to students whose disabilities are such that they are not presently integrated into the regular school system.

Through these volunteering experiences our employees are exposed to new knowledge about social issues in our local communities and gain the satisfaction of knowing they are helping to build a better future for people in local communities around Australia.

“The last year has been a milestone year for United Way as we have refocused our mission and created new ways of working together with our Corporate Partners. Throughout this transition Fuji Xerox has been a mainstay of good advice and encouragement. As one of our longest partners we value the continued support of Fuji Xerox and believe they are a genuine leader in Corporate Citizenship.”

Doug Taylor
CEO United Way

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 10/11, we donated $52,500 to 19 community organisations supported by our employees, with individual grants ranging from $1,000 to $5,000. Twenty-seven days of Community Service Award leave were also granted. The amount each community organisation received and leave granted 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 11/12 we will refresh the Community Service Awards program communications and promotion, aiming to increase participation in the awards and ensure that new starters are aware of the awards.

* Australian Early Development Index 2009.
A day in the life of our Community Champions

Our Community Engagement program is supported by a network of Champions at key business sites across Australia. These Champions coordinate activity at a local level and support national volunteering and WorkPlace Giving campaigns.

Q: What is the role of a Community Champion and why is it important to have a network of Champions in an organisation?

A: “The role of a Community Champion is to assist in communicating and facilitating not only the United Way and ABCN activities that are supported by the business but also to help encourage, support and promote local community charitable events.” — Esther Roper, St. Kilda Road site, VIC

A: “A localised Community Champion is better able to respond to the needs of a site’s employees — more swiftly and effectively than a centralised coordinator. They have a better understanding of the site culture and dynamics.” — Nick Chin, Australian Technology Park, NSW

Q: What is the most rewarding aspect of being a Champion and what does it give you as an individual?

A: “Personally, the Community Champion role has helped me give something back to the community. We are all becoming increasingly time poor, and I do not have the opportunity to participate in community activities to the level I would like outside of work. Professionally, the program has given me visibility across the business. I have forged good working relationships with managers and team members, and been able to use these relationships in other work-related projects.” — Nick

Q: What are the most challenging aspects of being a Champion and how do you overcome them?

A: “Participation. Sometimes it can be difficult to get employee involvement, especially during busy parts of the year. Friendly reminders and plenty of communication and information before the event helps, as does getting the support of management — having them lead by example is essential to ensuring employee participation.” — Esther

* These figures include an estimate of branch volunteering hours.
Disaster relief donations

In addition to our matched WorkPlace Giving and Community Service Awards programs, we frequently match employee fundraising efforts. In the past year there was a strong focus on raising funds for disaster relief, particularly for those disasters which hit close to Fuji Xerox offices, our affiliates in New Zealand and our parent company’s operations in Japan. In 10/11 we donated $65,000 to disaster relief for the Queensland and Victorian floods, Christchurch earthquake, Japanese earthquake and tsunami and the Pakistan floods.

Queensland floods

In January of the year under review our Brisbane-based operations, the homes of several employees and many our customers’ premises, were impacted by the Queensland floods. In the aftermath, the Brisbane team volunteered their time to help each other and their communities.

“Over the last five days I have seen the best example of oneFXA I could ever be privileged to experience. First thing on the weekend (after the flood) people arrived at a colleague’s house to clear and clean up, and by nightfall our engineers (a couple are certified electricians) had installed a new switch board and re-wired the basement. I am amazed and overwhelmed by the team’s response and so proud of the work they have done for their friends and for many hundreds of people they don’t even know” said Garry Gray, State General Manager, Queensland.

Our customers also lent their support volunteering the use of their print facilities to produce flyers to keep Brisbane communities informed about essential services.

In addition to a $50,000 donation to the Premier’s Flood Relief Appeal we also offered extra manpower and support to relocate damaged customer equipment and stored it ahead of insurance inspections to support our customers to return to their own premises and get their businesses up and running again.

Japanese earthquake

In April of the year under review our parent company was impacted by the Japanese earthquake. Fortunately the safety of all Fuji Xerox employees was confirmed shortly after the disaster, however many suffered the loss of family members and homes. A number of sales offices were severely damaged with an estimated one thousand customer devices carried out to sea by the tsunami.

Fuji Xerox was quick to respond to the disaster. The day after the earthquake an integrated response headquarters was established at head office with a mandate to first confirm the safety of employees and their families in the disaster-impacted areas, and then focus on ascertaining damage to company facilities and providing emergency support to customers.

Fujifilm Holdings (in conjunction with group companies Fujifilm and Fuji Xerox) made a donation of 300 million yen and contributed 470 million yen worth of relief supplies including medical and safety equipment.

Our parent company has been supplying multifunction devices and production printers. In a time when digital communication has been heavily disrupted, this is allowing non-profit organisations to print essential community information such as operation manuals for evacuation centres and flyers for temporary housing. They have also partnered with a large Japanese relief NGO and are progressively sending groups of employees to the Oshima, Kesennuma-shi and Miyagi areas to assist with costal clean up which will support the recovery of industry.

Fuji Xerox, their suppliers and customers in Japan continue to be impacted by the uncertain nuclear plant situation and rolling blackouts. While this has impacted the supply of parts to our manufacturing operations, good resource management in Japan and supply chain planning is minimising the disturbance this has to our customers’ operations.

“Over the last five days I have seen the best example of oneFXA I could ever be privileged to experience. First thing on the weekend (after the flood) people arrived at a colleague’s house to clear and clean up, and by nightfall our engineers (a couple are certified electricians) had installed a new switch board and re-wired the basement. I am amazed and overwhelmed by the team’s response and so proud of the work they have done for their friends and for many hundreds of people they don’t even know.”

Garry Gray
State General Manager, QLD
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.

We continue to receive positive feedback from our employees about their experiences mentoring students through ABCN programs, as well as from the teachers and students involved. This is evidenced in the rapid growth of our involvement with ABCN: we began working with 2 schools in NSW in 2006; in 2010 we worked with 27 schools across Australia.

In 10/11 188 employees volunteered, donating 1,595 hours of volunteering time which benefited 307 students.

In 10/11 we participated for the first time in several new ABCN programs: TEAM, Transitions and Aspirations. TEAM is a program designed to engage high school students on technology and mathematics topics. Transitions is a Year 6 high school preparation program and Aspirations is a Year 11 mentoring program with a focus on university and workforce preparation.

In 2011/12 we will continue to expand our involvement with ABCN, with many of our employees now returning to these programs year-after-year. Our Homebush and our Australian Technology Park sites will take part in SPARK programs for the first time and we will continue to expand our activity in ABCN’s newest state South Australia.

TEAM
Student visits to Fuji Xerox sites in NSW.

“I love the opportunity to use both my professional skills of facilitation and work/life knowledge with the very astute students. I’ve learnt so much from the students… and mentors too!”

Fuji Xerox Australia program facilitator

SPARK
Primary school reading assistance in NSW, QLD, VIC and SA.

“The program has been a tremendous success, with feedback from parents, students and mentors overwhelmingly positive. My observations of the sessions over the past eight weeks have highlighted the children’s eagerness and indeed, their growth as learners. It is also interesting to note that all of the children have had a 100 percent attendance rate on the days of their SPARK program.”

Principal
GOALS
Year 9 mentoring program in ACT, NSW, QLD, VIC and WA.
“I liked the fact that I gained a lot of skills and recognised my strengths and weaknesses. I enjoyed meeting and bonding with my mentor. The goal setting at the end of every session was also a very clever idea.”
Student participant

“Throughout the program I looked forward to the sessions, was inspired and went back to work with a different perspective.”
Fuji Xerox Australia program mentor

Career Choice Day
Student visits to Fuji Xerox sites in ACT, NSW, QLD, VIC and WA.
“The visit surprised me — the most highly regarded employees didn’t know what they wanted to do when they were my age and now they are successful.”
Student participant

POP
Additional activity organised by us with partner schools in QLD, VIC and WA.

Transitions
Year 6 high school preparation program in QLD.

Partners in Learning
Business and education leadership exchange in NSW, QLD, WA, VIC.

Aspirations
Year 11 mentoring program in WA.
Our impact

What is in this section?

Environmental strategy and management
Carbon management
Waste management
Water use management
Paper use management

‘Ghost Gum’ by Les Okey, Technical Specialist, St Kilda Road office, VIC.
## Environmental strategy and management

### Direction

- Reinigrate environmental targets and re-engage staff in environmental programs.
- Run business operations with resource efficiency.

<table>
<thead>
<tr>
<th>10/11 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>All sites ISO 14001 certified in 10/11.</td>
<td>Three new sites have introduced an environmental management system and been certified ISO 14001.</td>
</tr>
<tr>
<td>10/11 relocations and refurbishments are aligned with 4-star Green Star standard.</td>
<td>Significant resources have been invested in preparing our Eco Manufacturing Centre for relocation to a Green Star facility in 11/12.</td>
</tr>
<tr>
<td>Promote key EMS campaign ‘3 steps to Sustainability on Site’ at all locations.</td>
<td>‘3 Steps to Sustainability on Site’ campaign was rolled out at 20 sites nationally.</td>
</tr>
<tr>
<td>Cascade ‘Sustainability on Site’ to nominated service centres on customer site.</td>
<td>We did not make the desired progress because other business priorities took precedence.</td>
</tr>
<tr>
<td>Finalise draft EMS training procedure.</td>
<td>Completed in 10/11.</td>
</tr>
<tr>
<td>Complete cascade of EMS accountabilities to nominated positions.</td>
<td>Completed in 10/11.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11/12 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review how well we have engaged employees on environmental sustainability.</td>
</tr>
<tr>
<td>Develop strategies to engage parts of the business with high impact/opportunity and build their ownership and capability</td>
</tr>
<tr>
<td>Update ‘Sustainability on Site’ training and revise our sustainability communications approach with employees.</td>
</tr>
<tr>
<td>Sustainability committees created in appropriate locations.</td>
</tr>
<tr>
<td>Cascade ‘Sustainability on Site’ to nominated service centres on customer site.</td>
</tr>
</tbody>
</table>

### Our parent company’s environmental strategy

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

Our environmental policy, in which the precautionary principle is inherent, reflects this commitment and can be downloaded at: [bit.ly/n59F2a](http://bit.ly/n59F2a)

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“This Sustainability is not additional to our business. It is simply how we run our business and it is fundamental to how we will lead Fuji Xerox into the future.”

Tadahito Yamamoto
President, Fuji Xerox

There is an environmental management system (EMS) in place at all of our 20 sites, which are ISO 14001 certified. The content in this section relates to our performance across these 20 sites only.

In addition to these 20 sites, we also operate 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 in environmental responsibility. We have conducted an EMS review and implemented customised environmental reporting against customer targets. Our plans to cascade that approach to other service centres have been delayed due to other business priorities taking precedence. In 11/12 we intend to renew our focus on these plans. Embedding sustainability into our service centres will involve integrating environmental policies and practices into standard operating procedures at those sites. The adoption of this approach will put us in a better position to report to our customers, and more broadly, on the environmental footprint of the document-intensive business processes outsourced to us.
Carbon management

<table>
<thead>
<tr>
<th>Direction</th>
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</thead>
<tbody>
<tr>
<td>• Improve cost and carbon efficiency of business operations.</td>
</tr>
<tr>
<td>• Work with key suppliers to provide low-carbon products and services.</td>
</tr>
<tr>
<td>• Provide customers with low-carbon solutions and enable cost and carbon efficiency (see ‘Customers’).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10/11 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce scope 1 &amp; 2 carbon emissions by 1% on 09/10 levels.</td>
<td>▶ Scope 1 and 2 carbon emissions increased marginally by 0.9%.</td>
</tr>
<tr>
<td>Monitor carbon emissions from employees’ air travel through new online travel request form and increase e-meeting uptake.</td>
<td>▶ Air travel emissions were monitored however we did not create a new online travel booking process.</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>
<td>▶ Procured 30% GreenPower and established a Carbon Reduction Fund for energy efficiency projects.</td>
</tr>
<tr>
<td>Identify and implement key carbon reduction projects.</td>
<td>▶ Carbon reduction projects were approved. However their implementation was delayed because other business priorities took precedence. These projects will be implemented in 11/12.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11/12 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Review carbon reduction target across scopes 1, 2 and 3.</td>
</tr>
<tr>
<td>• Develop a decision matrix to evaluate carbon reduction projects.</td>
</tr>
<tr>
<td>• Embed carbon criteria in the decision-making framework of our Project Management Office.</td>
</tr>
<tr>
<td>• Implement carbon reduction projects at our national warehouse and use Carbon Fund decision matrix to assess new carbon reduction opportunities for implementation in 11/12.</td>
</tr>
<tr>
<td>• Assess carbon risk in the supply chain and develop strategy to reduce carbon intensity in high-risk areas.</td>
</tr>
</tbody>
</table>

Managing emissions from business operations

Fuji Xerox Australia aims to procure 25 percent Green Power™ and has an annual carbon reduction fund which is used to support carbon reduction projects that will drive energy and cost efficiencies in our business. Due to contractual complexities from switching electricity suppliers we procured 30 percent Green Power in the year under review. In 10/11 we failed to meet our carbon reduction target of 1 percent, with our overall carbon emissions increasing marginally by 0.9 percent. Causal analysis indicates that:

• Our electricity consumption grew by 129 MWh due to growth in business activity, which drove up energy use in our warehouses and Business Process Services (BPS) centres;

• We did not implement the identified carbon reduction projects that would have made some of these operations more efficient;

• Energy conservation has been effective at other sites with modest decreases in electricity consumption. We can attribute the savings to our Sustainability on Site programs. These have contributed to better awareness among staff, who have been encouraged to switch off lights and electrical equipment in unoccupied rooms.

Overall LPG use has decreased because our service fleet is transitioning to diesel vehicles. However the warehouse forklifts’ LPG consumption has slightly increased on that of 09/10.

• Natural gas use has declined because of better air conditioning system maintenance and more efficient time settings.

“As a Fuji Xerox Australia Sustainability Advisory Board member, over the next five to ten years, I would like to see the company become a leader in promoting employee understanding and involvement in the company’s sustainability commitment, so that they can help communicate with the broader public about the importance of addressing our urgent environmental issues.”

Blair Palese
CEO, 350.org Australia

• Diesel consumption has increased because LPG service vehicles have been replaced with diesel vehicles.

Late in 10/11 we introduced a cross-divisional Carbon Committee including executive general managers from three divisions, the facilities manager, the IS manager and the EMS manager. The Carbon Committee meets quarterly with a mandate to:

• ensure the carbon strategy is implemented
• monitor carbon emissions
• approve carbon reduction funds to support efficiency projects
• monitor the implementation and efficacy of projects.

We are hoping to see more timely delivery of carbon reductions in our business through the work and influence of this committee.
Fuji Xerox Australia follows the global standard for measuring and reporting on greenhouse gas emissions published in the Greenhouse Gas (GHG) Protocol. The GHG Protocol defines direct and indirect emissions as follows:

- **direct GHG emissions** are emissions from sources that are owned or controlled by the reporting entity.
- **indirect GHG emissions** are emissions that are a consequence of the activities of the reporting entity, but occur at sources owned or controlled by another entity.

The GHG Protocol further categorises these direct and indirect emissions into three broad scopes:

**Scope 1**: all direct GHG emissions. For our business this includes diesel fuel from generators and service fleet, petrol and LPG from service fleet, natural gas, and refrigerants emissions from air conditioning units.

**Scope 2**: indirect GHG emissions from consumption of purchased electricity, heat or steam. For our business this includes purchased electricity.

**Scope 3**: other indirect emissions. For our business this includes purchased materials and fuels, third party logistics related activities in vehicles not owned or controlled by Fuji Xerox, electricity-related activities (e.g. transmission and distribution losses) not covered in Scope 2 and outsourced activities such as air travel and waste disposal.
GreenPower for our business process services sites

Approximately twelve percent of our total electricity use is attributed to our business process services (BPS) locations in Parramatta, Sydney and Salmon St, Melbourne. They consume approximately as much energy as 144 average homes due to the energy intense data centres housed at these sites.

To help offset their energy usage, from January 2011 our Parramatta data centre has been utilising 100 percent GreenPower and our Salmon St site increased from 50 percent to 100 percent GreenPower in July 2011. This means that we are utilising renewable energy for our customers’ outsourced document processes and this energy is carbon neutral.

Additionally, we are continuing to work on improving the energy efficiency of our data centres.
'Boundary Falls' by Kim Tautz, Dealer Principal, Fuji Xerox Business Centre Albury and Wagga Wagga.
Our impact

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 these.

<table>
<thead>
<tr>
<th>10/11 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve 1% reduction in waste to landfill.</td>
<td>▶ Waste sent to landfill decreased by 41% on 09/10 levels.</td>
</tr>
<tr>
<td>Transition to SIMS-Veolia waste management will occur for the majority of sites in 10/11.</td>
<td>▶ Full transition has not occurred due to changing requirements and preparation for changes in end-of-life resource recovery taking priority.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11/12 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Complete and roll out national waste contract.</td>
</tr>
<tr>
<td>• Provide increased recycling as standard facilities at all sites.</td>
</tr>
<tr>
<td>• Expand bi-annual waste audits to all shared tenancy sites.</td>
</tr>
</tbody>
</table>

Managing waste from business operations

For the year under review we experienced another significant reduction in waste to landfill. Our total waste to landfill decreased 268 tonnes in 10/11. This can be attributed to:

• Increasing staff awareness of waste separation at our office locations. Waste audits in Sydney and Melbourne produced improvements in waste reduction and waste contamination.
• Our warehouse pallet recycling activities expanding nationally due to growing product throughput, which has increased the amount of pallets requiring recycling.
• Pallets from the Eco Manufacturing Centre being included in our pallet recycling program.

An area for improvement in 11/12 is waste separation at our larger warehouses and our Eco Manufacturing Centre. These sites undertook clean ups during the year which produced high levels of waste. Our goal is for new waste infrastructure, equipment and employee education to improve waste management.

The national waste contract will be finalised in 11/12. We will be increasing the range of recycling facilities at all sites to include paper/cardboard and commingled as standard systems. Any additional recycling opportunities will be undertaken as needed. We expect more reliable data from consolidating the reporting with one to two suppliers.

---

Percentage waste to landfill*

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/08</td>
<td>32</td>
</tr>
<tr>
<td>08/09</td>
<td>45</td>
</tr>
<tr>
<td>09/10</td>
<td>34</td>
</tr>
<tr>
<td>10/11</td>
<td>17</td>
</tr>
</tbody>
</table>

* A restatement is necessary for 2009/10 general waste and subsequently the waste to landfill percentage split. The 09/10 figure was 361 tonnes this has been adjusted to 349 tonnes. The waste to landfill percentage has been adjusted to 34 percent for 09/10. The 09/10 plastic recycling figure has been updated to reflect a data entry correction.
Water use management

Direction
- Upgrade facilities where possible.
- Improve water use estimate with real data.

10/11 objectives
Reduce water use.

How did we do?
- Reduced water use by an estimated 11%.

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

11/12 objectives
- Meter water consumption at the Eco-manufacturing Centre.
- Ensure all sites have basic water efficiency measures installed such as flow regulators in all bathroom fittings.

Water use has reduced by 11 percent in 10/11. Our total water consumption calculation was previously based on a government approved average of 4kL per person per year. In 10/11 we replaced this with an average more appropriate to the nature of our business. We have taken actual water use figures from our Brisbane office, which indicates an average of 2.6kL per person per year. This has led us to restate our water-use figures for sites where averages have been used in the past.

The results from our metered sites at Mascot and Zetland are encouraging. During 10/11 the facilities managers at these sites decided to participate in a City of Sydney water efficiency program which involved retrofitting all taps and showers with flow regulators for a small investment. Combined, the sites have seen a 1249kL reduction in water use during the year under review.

Water from municipal sources*

* We have restated the ‘FXA all’ (excludes Zetland and Mascot) totals using the new 2.6kL per person estimate. The figures for 2007 – 2010 are based on a 09/10 head count.
Paper use management

Direction

- Reduce paper use.
- Encourage the use of recycled and certified papers.

10/11 objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce paper use by 1%</td>
<td>▶ Overall paper use has increased by 2%.</td>
</tr>
<tr>
<td>Measure and report on FSC and PEFC paper use internally</td>
<td>▶ We have segmented our paper use into certified and non-certified paper types.</td>
</tr>
<tr>
<td>Establish cost centres for internal paper use only</td>
<td>▶ Cost centre allocation has improved.</td>
</tr>
<tr>
<td>Review internal paper use policy</td>
<td>▶ We have commenced the review of our internal paper use policy, but the scope of the project has changed.</td>
</tr>
</tbody>
</table>

11/12 objectives

- Implement a device consolidation and upgrade at head office which will provide a better platform for print efficiency.
- Complete the review of paper use and share findings with employees responsible for paper purchase.
- Eliminate the use of non-certified virgin papers.

We did not achieve our 1 percent internal paper use reduction target but increased our use by 2 percent due to growing business activity.

With more comprehensive data going into our environmental intelligence system, we are better able to discern between paper types used internally. This has triggered a revised paper accounting methodology and a restatement for paper use in the year 09/10. The results show that our use of certified and recycled papers has increased, while our use of non-certified virgin paper has decreased from 11 percent to 8 percent.

These results reflect a greater range of certified products being available, as well as an increased knowledge and awareness on the part of the employees responsible for purchasing paper for internal use.

The more comprehensive data has revealed that we have been understating our internal paper use considerably since measurement began in 06/07. The former method applied a generic weight conversion per ream of paper which assumed the ream as A4 size and 80gsm. We improved this in 09/10 by accounting for more accurate weight conversions. The revised method for 10/11 includes more accurate paper weights as well as information on paper type and certifications. We believe this will be the most reliable method for internal paper accounting until print management software is rolled out to the business.

<table>
<thead>
<tr>
<th>Tonnes paper use</th>
<th>FSC</th>
<th>PEFC</th>
<th>Certified &amp; recycled</th>
<th>Recycled</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/10</td>
<td>64%</td>
<td>21%</td>
<td>11%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>10/11</td>
<td>67%</td>
<td>20%</td>
<td>6%</td>
<td>2%</td>
<td>5%</td>
</tr>
</tbody>
</table>
Supply chain

What is in this section?

Our approach to sustainable supply chain management
Regional ethical procurement in the manufacturing supply chain
Responsible procurement
Managing carbon with logistics suppliers
Responsible paper sourcing

Image: Fuji Xerox manufacturing facility in Shenzhen, China.
Our approach to sustainable supply chain management

Fuji Xerox’s supply chain and manufacturing facilities are concentrated in Japan and China, with facilities also in Korea and Thailand.

In Australia our Supply Chain Operations team liaises with our sales and marketing teams to forecast and procure inventory from multiple overseas origins. This inventory supports the equipment, consumable and spare parts requirements of our diverse customer base throughout Australia, managed from a national distribution hub in Sydney and supported by regional distribution centres in all major capital cities. Our national distribution network and partnerships with specialised carriers such as Neway Transport, Toll and Australian National Couriers ensures the timely delivery of over 18,000 machines

The Fuji Xerox Australia approach to sustainable supply chain management is informed by the principles of the UN Global Compact, to which our parent company 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 direction is to:

- Work through the Xerox and Fuji Xerox Group to assure integrity of our product supply chain.
- Work with ‘high-risk’ suppliers to provide low-carbon products and services. Equipment manufacture, paper and logistics have been identified.
- Share our sustainability standards with our indirect sales network.

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 all other aspects of our supply chain. In the past we have intuitively focused on employee air travel, and on our paper and logistics suppliers as areas of our supply chain that carry a heavy environmental impact. We have also conducted some initial exploration to identify where risk to human rights might exist. For that reason, labour standards are incorporated in our parent’s ethical procurement program and in our own sustainable paper sourcing policy.

In 10/11 we identified a new methodology to help us identify, measure and manage environmental risk in our supply chain. We worked with Trucost to conduct a supply chain hot spot footprint to identify carbon intensive sectors and suppliers. The report included an analysis of spend with 242 of our suppliers (which represents over 90 percent of our total spend with suppliers) for the year under review. These suppliers were mapped against industry sectors and average carbon data was applied.

We identified that our most carbon intensive suppliers are within these categories:

- **Manufacturing** — paper, equipment and consumables
- **Transportation and warehousing** — third party land, sea and air freight, warehousing services.

In 11/12 we plan to engage suppliers from these sectors on their carbon performance, with the aim of improving our carbon data collection in the supply chain and increasing our suppliers’ awareness of their environmental impacts (and those of their suppliers).

On an ongoing basis, this information will help us to develop a more complete view of the costs and impacts of running our business. From a risk management perspective, this process will pinpoint which suppliers are high risk in terms of carbon intensity and resource consumption and help us to understand our suppliers’ performance against respective industry benchmarks. This will enable us to improve performance management of our suppliers.
Regional ethical procurement in the manufacturing supply chain

The Fuji Xerox Group ethical procurement program is focused on parts suppliers to our manufacturing operations. It is intended to evaluate suppliers’ performance on environmental and social criteria and, through a partnership approach, help them improve.

The approach covers environment, human and labour rights and business ethics issues which are particularly relevant in the context of Chinese and other Asian suppliers and manufacturing plants.

Our parent company has been carefully honing its policies and practices in ethical procurement for the past 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. Compliance with 57 core items on the checklist is required of all suppliers — failure to comply could lead to serious business, human rights and environmental risks.

In 09/10 our parent company introduced a second tier to their compliance requirements. Companies that reach full compliance with the 57 core items on the checklist are now challenged to meet compliance with an additional 75 items. Support for suppliers is provided by Fuji Xerox in the form of supplier education workshops and feedback from site visits.

Ethical procurement questionnaire

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.

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

Improving sustainable outcomes with suppliers

Shing Jie Plastics Products (Shenzen) Co. Ltd. manufactures machine parts for Fuji Xerox. When the company had its first labour dispute in 2008 it found that the Fuji Xerox management guidelines and the self-audit helped it address working conditions and improve labour relations.

Until then the firm has concentrated on improving quality, cost and delivery time. The deputy General Manager at the time felt that if the changes had been made a year earlier, the dispute might have been avoided.

“Some of our clients only send out questions”, he said “Fuji Xerox provides full guidelines and feedback… I wish other electronic equipments firms would follow Fuji Xerox and lighten our burden of responding to questions.”
In 10/11 there was a decline in the percentage of suppliers who met 90 percent or more of the 57 core items on the self-checklist. This was due to a number of new suppliers coming on board who were not fully prepared for the level of compliance required by Fuji Xerox.

To address this issue and help new suppliers understand their compliance responsibilities, Fuji Xerox conducted Supplier Executive Seminars in Tokyo, Shanghai and Shenzhen. In addition, a cross-functional Fuji Xerox ethical procurement team (including HR, Legal, Procurement and CSR team members) visited suppliers in Japan who have demonstrated strong performance on the self-checklist with the aim of studying their best practise approaches and creating case studies that can be shared with new suppliers or suppliers struggling to meet compliance requirements.

In 11/12 the ethical procurement team will strengthen its ‘visit-and-check’ program, focusing on the Japanese suppliers’ operations in China, and will establish a best practise scheme (based on case studies of Japanese based suppliers collected in 10/11) to share with factories in China. They will also roll out the self-checklist to first-tier overseas logistics suppliers to begin to assess their current compliance.

The results of supplier participation and compliance from the first four years of the questionnaire are outlined below.
Supply chain

**Responsible procurement**

| Direction |  
|-----------|---
| Ensure environmental, social and governance standards are applied through the corporate procurement framework. |

<table>
<thead>
<tr>
<th>10/11 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue updating supplier information in our new supplier relationship management database.</td>
<td>✤ The supplier relationship management database is operational; however adoption has been slow.</td>
</tr>
<tr>
<td>Embed new procurement policy and processes by mentoring staff through significant procurement events.</td>
<td>✤ The National Procurement Manager worked on several procurement activities with facilities, Customer Support Organisation, Eco Manufacturing and Global Services.</td>
</tr>
<tr>
<td>Develop two-way engagement mechanisms with suppliers so that we can learn from feedback on our relationships with them.</td>
<td>✤ Unfortunately the National Procurement Manager left the business during the year under review so we have not made the desired progress in improving supplier engagement mechanisms.</td>
</tr>
<tr>
<td>Develop a more rigorous approach to sustainability risk assessment with suppliers.</td>
<td></td>
</tr>
</tbody>
</table>

| 11/12 objectives |  
|------------------|---
| Recruit a National Procurement Manager who will develop a mentoring and coaching approach to procurement across the business. |

In Australia we are responsible for managing our paper supply chain, international inbound, outbound and domestic logistics, along with procurement of all other business goods and services required locally. We have a mature approach to relationship management with our logistics and paper suppliers. Regarding other procurement activity, we have embarked on a journey to be a better customer to suppliers by developing and introducing the necessary people, processes and technologies. A sustainable code of conduct is integrated into our procurement framework and compliance is confirmed with suppliers during significant procurement events.

Our 10/11 progress on our supplier engagement journey was slow, which was disappointing given the investment in new policies and the supplier relationship management database in the previous year. During the year under review the supplier relationship management database (which includes a limited risk analysis) was rolled out to the business. Adoption of its capability was, however, low. It was identified that a key challenge was the existing decentralised procurement structure.

The National Procurement Manager sought to embed a consistent and robust approach to procurement, by working on major procurement activities with Facilities (Scaffolding), Customer Support Organisation (Transport), Eco Manufacturing (Rematerialisation Project) and Global Services (Cost Recovery Solutions). However late in the year under review our National Procurement Manager left the business. In 11/12 we will fill the National Procurement Manager role and work on developing a mentoring and coaching approach to procurement across the business.

*Fallen but not forgotten* by Justin Oh, Support Engineer, Australian Technology Park, NSW.
Supply chain

Managing carbon with logistics suppliers

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

10/11 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce carbon emissions from logistics by 10% on 09/10 levels.</td>
</tr>
<tr>
<td>Collaboration was improved between sales forecasting and ordering leading to a 13% reduction in total emissions.</td>
</tr>
<tr>
<td>Implement sales forecasting and ordering improvements to reduce additional unforeseen costs and carbon.</td>
</tr>
<tr>
<td>We used our transport management system to create cost and carbon efficiencies in equipment routing.</td>
</tr>
<tr>
<td>Continue improvement of routing efficiency for equipment deliveries.</td>
</tr>
<tr>
<td>Progress cascading the national environmental intelligence system to encompass logistics was delayed as we focused on improving measurement methodology and data capture.</td>
</tr>
<tr>
<td>Complete the implementation of the environmental intelligence system and establish regular reporting and review of scope 3 carbon emissions.</td>
</tr>
<tr>
<td>Reduction of paper and supplies deliveries from twice to once daily in Victoria.</td>
</tr>
<tr>
<td>Reduction of paper and supplies deliveries from twice to once daily in Victoria, which now completes this exercise nationally.</td>
</tr>
</tbody>
</table>

11/12 objectives

• Complete implementation of the environmental intelligence system for logistics.
• Supply Chain Operations will review our national footprint, storage and transport requirements.
• Pursue efficiency through warehouse space utilisation project and container optimisation, and extend slip sheeting for paper supplies to Brisbane, Adelaide and Perth.
• Reduce airfreight for our imports and domestic distribution where possible.
• Re-engineer asset recovery process for equipment to decrease the storage of used equipment.

Improvements to our measurement methodology

In 10/11 we formalised a rationale for establishing the boundary of our scope 3 carbon emissions from logistics suppliers and we also undertook the following initiatives to improve the quality of carbon data:

• We revised our emission factors to improve the accuracy of calculations for imports, domestic movements and exports.
• We 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 improved the accuracy of our calculations by using the actual weights supplied by freight companies for domestic air movements and all imports.

International logistics

In 10/11 the volume of our total imports increased by approximately 19 percent. Nonetheless we have seen a 13 percent reduction in total emissions from our logistics suppliers. This is largely due to a 22 percent reduction in air freight imports. The reduction in the use of air freight (which is generally used to bring in unforeseen stock needs) was a result of improved sales forecasting, thanks to
increased communication between sales, marketing and purchasing teams. Additionally, our sea freight forwarders have started using “slow steaming” vessels that reduce the carbon intensity of sea trips. Unfortunately we expect 11/12 air freight emissions to increase due to interruptions in our supply chain caused by the Japanese earthquake disaster.

**Domestic logistics**

In 10/11 the reporting of our inland surface and air distribution emissions improved significantly. Previously, domestic surface and air distribution figures were not fully recorded, so it is not possible to accurately compare last year’s data against this year’s. It’s likely that we have understated the carbon footprint of domestic logistics in previous years.

Initiatives to reduce domestic emissions included:

- Continued use and refinement of the transport management system which improves supplier invoicing, and lowers costs and carbon by optimising routing for supplies to non-metro customers.
- Continued roll out nationally of the weekly delivery system to service centres on clients’ sites.
- The implementation of slip sheeting in Sydney and Melbourne, which reduces space and number of containers used to freight our paper.
- Continued improvement of routing efficiency for equipment deliveries. Working with our courier company the equipment deliveries are now using consolidated delivery routings for non-metro areas. Agreement was obtained from the various stakeholders for delivery on specific days. Although this has now been successfully rolled out across the country, it is still manually driven.
- A review of emissions by our equipment delivery courier, which resulted in reduction initiatives such as the use of more efficient trucks. Courier contracts now include the clause: ‘it is the responsibility of the Supplier to ensure that vehicles are kept in excellent condition and where possible to investigate the use of less carbon emission transport.’

In 11/12 we will focus on continuing to improve the quality of our carbon emissions data. This will be supported by the implementation of the Environmental Intelligence System for logistics information.
**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 we can act as a trusted advisor to clients on responsible paper sourcing.

<table>
<thead>
<tr>
<th>10/11 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and deliver detailed ‘paper facts’ training for Supplies sales and provide ongoing updates on emerging environmental issues.</td>
<td>▶ Three training sessions were held with a focus on highlighting environmental issues related to our paper products.</td>
</tr>
<tr>
<td>Improve the administration of our assessment of compliance and establish a process for dealing with non-compliance.</td>
<td>▶ Improvements to our administration of assessment of compliance or complete a review of our paper procurement processes were delayed in favour of a regional review, which we will pursue in 11/12.</td>
</tr>
<tr>
<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>
<td></td>
</tr>
<tr>
<td>Secure 100% paper supplier compliance with minimum standards and ask for improvements in the management of issues of primary stakeholder concern.</td>
<td>▶ 100% of our paper suppliers complied with our minimum standards.</td>
</tr>
<tr>
<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>
<td>▶ Sales of FSC/PEFC certified or recycled stocks amounted to 73%, good progress towards an ambitious target.</td>
</tr>
<tr>
<td>Out of total paper sales 85% to be FSC / PEFC certified or recycled stocks.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11/12 objectives</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Participate in a regional review of our paper procurement policy, assessment of compliance procedures and supplier performance management.</td>
<td></td>
</tr>
<tr>
<td>Training sessions will continue in 11/12 to maintain compliance with our FSC certification and provide updates for our sales teams on environmental issues. It likely there will be a strong focus on carbon.</td>
<td></td>
</tr>
<tr>
<td>Continue to secure 100% paper supplier compliance with minimum standards and drive supplier improvements.</td>
<td></td>
</tr>
<tr>
<td>Bring carbon neutral paper to market.</td>
<td></td>
</tr>
<tr>
<td>Out of total paper sales 85% to be FSC / PEFC certified, recycled or carbon neutral stocks.</td>
<td></td>
</tr>
</tbody>
</table>

**Sustainable Paper Sourcing Standards**

Fuji Xerox seeks to demonstrate and promote compliance with government-recognised global social and environmental standards. We also seek to identify and control the sources of the raw materials used in the manufacture of our paper products.

We are committed to responsible stewardship through the full product life cycle in order to verify paper as a socially and environmentally responsible communication medium. The Fuji Xerox Australia Sustainable Paper Sourcing Standards is one tool to achieve this objective. We have established a set of minimum requirements for our paper suppliers across key environmental, social and governance criteria, as well as a path for continuous improvement in line with best practice. These areas are as follows:

- ISO Management Standards
- Fibre Sourcing
- Carbon
- Other Emissions to Air
- Bleaching
- Water Use
- Emissions to Water
- Waste to Landfill
- Social Issues Management
- Transparency.

We assess compliance with these standards annually and we work with non-government organisations to identify and escalate key issues of stakeholder concern. If areas of non-compliance are found, then our approach is to work with progressive suppliers to ensure standards are met. However if adequate progress is not made in a specified timeframe the supplier relationship will cease.

**Assessment of compliance with standards**

Completed questionnaires have been received from all thirteen supplying mills for 10/11. All mills meet our minimum standards and some beyond. 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. Compliance is also assessed prior to any paper mill being considered for supply. Regular checks are made to confirm ongoing compliance.
Bringing certified paper to market

In 11/12 our sales of FSC/PEFC certified and recycled paper sales rose to 73.5 percent by volume of our total paper sales from 65 percent, although we missed meeting our ambitious target of 85 percent of sales from certified or recycled sources. 73.5 percent represents a total of 22,885 tonnes from a total of 31,124 tonnes sold. Our sales of FSC/PEFC paper was 64.7 percent and recycled paper was 8.8 percent.

The Paper Facts
Helping you make the right choices

Educating stakeholders on sustainable paper sourcing

The Fuji Xerox Australia goal is to develop resources and implement communication strategies so that we can be a trusted advisor to our customers on responsible paper sourcing. To this end, we provide a set of resources called ‘The Paper Facts’.

These are designed to help our employees and customers get across such fundamentals of paper and the environment as:
- Fuji Xerox sustainability commitment
- paper life cycle
- certification systems
- environmental impacts
- responsible procurement frameworks.

We continue to update these resources and develop briefs on emerging issues and findings for our employees and customers.

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

Ceasing paper procurement from APRIL

Since the close of the year under review we have ceased procurement with a paper supplier, which did not share our sustainability commitment.

Over the past eighteen months we have been concerned with APRIL’s logging practices in Indonesia. We have been encouraging APRIL to adopt Forest Stewardship Council (FSC) certification and we have been working with ENGOs on the ground to monitor APRIL’s progress.

However, over recent months we have become very concerned with the lack of progress. Our concerns were grave enough for us to take steps in June 2011 to review our relationship with APRIL. Due to these concerns and further issues brought to our attention we have made the decision to cease all procurement with APRIL. As part of our ongoing transparency and commitment to sustainable practices, Fuji Xerox is developing a robust transition plan to alternate suppliers that meet our standards.
Development

What is in this section?
Design for environment
Product manufacturing
Industry leading energy efficient equipment
Sustainability innovation in solutions development
Optimising document and business processes

Image: Fuji Xerox Australia envisions an office of the future where employees and customers interact with ubiquitous screens.
Design for environment

Fuji Xerox products, solutions and services are designed and developed to improve sustainability performance over their entire life cycle. We have been well-recognised for our achievements in product design for the environment and end-of-life product stewardship. However, sustainability drivers and rapid developments in digital technology are shifting the focus of our innovations in sustainability.

Because our customers have increasingly aggressive environmental targets focused on energy and print efficiency, we find the focus of our sustainability innovations moving to the ‘in-use’ phase. With the digitisation of document technology, we are now developing software solutions that enable workflow optimisation, which brings the required environmental efficiency gains along with significant cost reductions.

At the enterprise level, our services are focused on optimising entire document process review that looks at ‘print-waste’ from a systemic organisation-wide perspective. Our focus on ‘design for the environment’ is therefore multi-faceted:

- Our manufacturing operations are run in accordance with industry leading social and environmental standards.
- Our equipment features environmentally responsible product design from energy efficient enhancements to modular design that enables end-of-life disassembly for reuse, remanufacture and recycling.

“...and I want to congratulate Fuji Xerox Australia on its sustainability performance to date. The company’s commitment to putting sustainability at the centre of its business and assisting its customers to follow a similar path is undoubtedly leading corporate practice. However, for the future my hope, and expectation, is that instead of technology innovations driving improvements in sustainability practices, the company begins to views the broad principles of sustainability as the key drivers of the business model, strategy and product development.”

Matt Foran
Sustainability Manager, Australia Post

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

Fuji Xerox helps customers optimise their document processes.

Unoptimised organisation

Information overload
Manual business processes
Decentralisation
Rapidly evolving technology
Growing unstructured data

Effects:
- productivity decline
- increase in costs
- inflexibility
- inefficiencies
- security risks
- inaccuracies and lost data
- high carbon footprint
- compromised customer relationships
- increase in maintenance
- compliance risks

Fuji Xerox offerings

Business processes
Documents and information
Information technology

Optimised organisation

Optimised workflows
Streamlined business processes
Sustainable business practices

Results:
- focusing on core business
- responding to changing market conditions
- reduction in costs
- increased security
- compliance
- customer-centric
- low carbon footprint

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Product manufacturing

Managing the social and environmental impacts of our manufacturing operations is the responsibility of our parent company in Japan and explained in greater detail in its sustainability report:

http://bit.ly/nTu5gz

Fuji Xerox has embraced fundamental standards for quality, environment and safety at its development and manufacturing sites in Japan, China, Korea and Thailand. They have been ISO certified for 9001, 14001 and OHSAS since 2003 and all share a goal of zero waste to landfill. Beyond maintaining compliance with ISO and health and safety standards, our parent company has been working during 10/11 to assess the environmental and social impact of our manufacturing operations by conducting land-use surveys at key development and manufacturing plants in Japan, China and Thailand.

The onsite investigations examined potential risks to local ecosystems and communities. Examples of survey items include questions on waste generation and handling, waste water processing, noise levels inside and outside plants and awareness of local biodiversity and social issues. Where risks to biodiversity were identified, countermeasures were fed into each site’s Environmental Management System (EMS) for actioning during 11/12. Management indicators have also been set around biodiversity at each manufacturing site.

Fuji Xerox is also addressing biodiversity conservation through its paper procurement standards, ethical procurement program activities and partnerships with the Nature Conservation Society of Japan and other local Japanese conservation organisations. Fuji Xerox has been promoting biodiversity awareness since 2009 through its ‘One Company, One Theme’ communications program in Japan.

Setting the benchmark in employee relations

One particular highlight is the work that has been done in the Fuji Xerox manufacturing plant in Shenzhen, China.

China is now the hub of the global manufacturing industry. However, many of China’s companies have little awareness of their responsibility to support their employees and the environment. Strikes surrounding these issues have caused problems for many manufacturers, who employ a new generation of workers, more aware of their rights and the value of their work. Fuji Xerox sensed the changing needs of their workers before their neighbouring factories, and has worked to research and improve working conditions for its labour force since 2006. After an initial survey indicated low morale and little capability to communicate workplace issues, the company immediately set up its first employee assistance program.

This initiative opened up lines of communication between management and the workers. As well as improving the working mindset and productivity, the program has set an example for other Chinese manufacturing plants.

Watch this short clip to see Fuji Xerox’s Employee Assistance Program profiled on CNBC:

Industry leading energy efficient equipment

As early as 1997, Fuji Xerox made a commitment to halve the energy consumption of its equipment. By 08/09 we had achieved a 45 percent reduction on the average energy consumption of our equipment based on 1997 levels. In 09/10 Fuji Xerox released our most energy efficient devices to date. Today, our customers can benefit from energy reductions of up to 71 percent when replacing older equipment with new Fuji Xerox devices.

Average energy consumption reduction rate of office devices since 1997 (with a target of 11% by 2020).

All of our devices are Energy Star compliant to the 2009 standards and in Australia we continue to seek Good Environmental Choice Australia (GECA) certification for all of our office devices. We are the only multi-function device vendor in Australia currently to do so.

In our last report we featured the award winning energy efficiency technologies of our ApeosPort and DocuCentre office product range — EA Eco Toner, LED technology and Induction Heat Fusing. Our latest devices in this range now feature Smart Energy Management Technology.

These recently launched devices deliver cutting-edge reductions in energy consumption, consuming less power in standby, low power and operating modes, by only using what is necessary, when it’s necessary. They also retain the user convenience seen throughout the rest of the range, resuming from sleep mode in just two seconds.

With Smart Energy Management (see diagram below), technology power is only used for activated modules on a user needs basis, so when doing a scan there’s no need for the print or copy functionality of the device to be powered up. This technology produces energy savings when printing and particularly when scanning or faxing (up to 30 percent reduction in energy use against when the entire device is powered up to scan or fax).
Fuji Xerox awarded for energy efficiency

In 10/11 Fuji Xerox won the Excellence Award in the Nikkei Global Environmental Technology Awards, having achieved the world’s fastest start-up time of three seconds for fuser in a multi-function device by replacing the traditional halogen heat source with induction heating (IH).

The ApeosPort-IV C3370, one of the latest series of Fuji Xerox multi-function devices, features the IH technology and won the BLI 2010 Outstanding Achievement Award for Energy Efficiency. According to BLI, the award-winning colour multi-function device proved to use the least energy of products tested in its class. In addition to consuming less energy in running mode, this unit also uses less energy than the competitive average while in idle, energy-save and sleep modes, for a total projected energy consumption rate that’s less than half of the competitive average.

Total carbon footprint over the lifetime of a multi-function device

Our life cycle analysis (LCA) research shows that the energy used by multifunction devices on a customer site over a 5-year lifetime ranges between 2 and 3 tonnes of carbon.

- 51.11% Consumables (cartridges) 1200kg CO2-e
- 20.01% Raw materials 470kg CO2-e
- 1.53% Device production 36kg CO2-e
- 0.94% Device distribution 22kg CO2-e
- 26.41% Customer energy use 620kg CO2-e
- 0.3% offset End-of-life resource recovery -7kg CO2-e

The ApeosPort-IV C3370 won the BLI 2010 Outstanding Achievement Award for Energy Efficiency.
Sustainability innovation in solutions development

Our approach to research, development and innovation

In 10/11 the Fuji Xerox and Xerox innovation groups invested in excess of A$1.78 billion in research, development and engineering. The groups consist of eleven research centres spanning Japan, the United States, Canada, India and Europe, which focus on research on colour science, computing, digital imaging, work practices, electromechanical systems, alternative materials and semantic technologies.

In some ways, the Fuji Xerox R&D culture is driven by our history as a manufacturing organisation. That brings with it long product development cycles, a robust analytical approach and a risk-averse research governance process.

As an operating company, Fuji Xerox Australia is naturally closer to the market than regional headquarters. Our innovation is focused on implementing tailored solutions within customer environments that solve a specific business problem. Increasingly this means solutions innovation delivered with speed to market.

As we become more customer-focused there is the potential for us to influence the rest of the Fuji Xerox R&D world to adopt a more market-focused and responsive innovation culture.

Office innovation

Our customers’ work environments are rapidly changing, and new technology is driving new ways of working. Emerging trends such as mobile technology and ubiquitous flat screens will change the way our customers interact with data and how they conduct business.

To meet our customers’ needs, we will need to enable our devices to become fully integrated into their document processes.

As part of our new Integrated Document Services (IDS) strategy we have a goal that 100 percent of our multi-function devices sold in Australia will be part of a solution that embeds value into our customers’ business processes by 2015.
The Office Innovation team was created to achieve that goal and help us deliver document and business process solutions for our customers. Office Innovation has a mandate to bring to market a solutions portfolio to meet the needs of our customers from the small to medium business segment through to enterprise clients, as well as address vertical demands.

While some of this development will be completed in-house, in some cases this will mean partnering with existing best-of-breed solutions to deliver on our customers’ needs.

**Business Alliance and Consulting Services**

At the core of office innovation is our business alliance and consulting services (BACS) team which is housed at our epicenter™ site within the Australian Technology Park in Sydney, with offshore employees based in Hyderabad, India.

The BACS team comprises 30 software engineers with capabilities across a variety of technology domains including: Microsoft .Net, tablet and mobile technology platforms and cloud computing systems such as Microsoft Azure. The team also have skills in web services, mobile applications, document management systems and service oriented architecture.

We have pursued a technology relationship strategy so that the BACS team have access to centres of excellence within Microsoft and Google, which can be tapped to help with our projects. In 10/11 one of the team’s major projects has been delivering the next version of our Image Gateway for ApeosPort platform; this includes adding mobile functionality, energy optimisation technology and environmental reporting features.

**Predictive energy optimisation technology**

In keeping with our drive to innovate and our commitment to sustainability, in 11/12 we will bring to market, as part of our Image Gateway for Apeos (IGA) platform, predictive energy optimisation technology.

This technology will allow Fuji Xerox devices to ‘learn’ an organisation’s print use patterns and adapt power usage to suit the unique peaks and flows of copying, scanning and printing needs in that environment. It is an automated process with next to no administration required.

We estimate savings of 10–70 percent in power usage on top of the savings experienced due to the replacement of older, less efficient devices with a more energy-efficient Fuji Xerox fleet (the large range is influenced by the age of the device in which the solution is embedded).

As well as the ability to learn, this new technology produces detailed data that will help us to work with our customers to continue to reduce power usage and high print volumes. For example, we will be able to isolate parts of customers’ businesses with ‘problem behaviour’ and point to where further efficiencies can be attained.
Optimising document and business processes

Our vision is to be the company that transforms tomorrow’s documents into knowledge. We will do this by integrating data, documents and business processes to harness knowledge for our customers — this is our mission and the foundation of Integrated Document Services.

Fuji Xerox Australia is redefining how our customers see ‘the document’ as a container of data that could be paper or pixel-based. As a leader in sustainability, our challenge is also to define the nature of the sustainable document, and work with our customers to manage, measure and reduce its environmental impacts. This complex issue is at the heart of the sustainability of our print and paper — we are exploring different facets of it across our business.

Sustainability of print and paper

In the office environment our goal is to help customers manage the environmental impacts of their document processes. We do this by offering:

**Sustainability Consulting Services**
- Benchmarking clients against best environmental practice
- Recommending sustainable print strategies
- Engaging stakeholders in the adoption of those strategies

**Managed Print Services that create environmental value**
- Guidance on responsible paper procurement
- Print fleet consolidation creating immediate energy reductions ranging up to 30 percent
- Environmental reporting on energy use, print volumes and end-of-life waste disposal

**Embedded environmental applications with our products and solutions**
- StreamSense automatically adjusts the energy settings of devices to their most efficient levels based on usage patterns
- EcoCopy automates double-sided and multiple-upping settings in one easy to use step

**Paper, Pixels, Processes**

In 10/11 we initiated the first phase of a research project called Paper, Pixels, Processes. The objective of the research was to shed new light on the paper-versus-pixels debate, which had been narrowly focused on:

- the assumption that electronic communications are more environmentally sustainable in all circumstances
- an environmental-only view of sustainability, rather than a consideration of the broader considerations such as cost, customer experience and process efficiency.

What we found

Our initial qualitative research found that, increasingly, organisations are looking to implement truly sustainable document strategies, but are looking for guidance about what that really means. We found that organisations are trying to integrate environmental sustainability considerations into business process review and optimisation, but this needs to be balanced with cost and customer drivers. Our research produced a framework which would allow organisations to make sustainable document strategy choices.

The framework encourages organisations to consider:

- The environmental impact of document strategy, whether it is paper or pixel based.
- The cost profile of different document choices and the impact this has on return on investment.
- The process implications of document strategy decisions, both on internal and external business processes.
- The impact on customer experience arising from different document decisions and whether a one-size-fits-all approach can be adopted.

Our research found gaps in existing environmental life cycle assessments (LCAs). These tended to be narrow in their focus with several limitations:

- They do not cover the full spectrum of communication types (they tend to be based on invoices or billing statements).
- They tend to examine transient documents only (short-life and usage documents as above).
- They tend not to factor the impact of end-user device or electricity consumption into the LCA.
- They tend to be based upon unique scenarios which cannot be more broadly applied across organisations.
- They tend to make broad assumptions which create a high degree of sensitivity to the results.
- They are narrowly focused on environmental implications only and do not consider the broader sustainability aspects such as communication effectiveness.

As such, recommendations from these research papers cannot be fully relied upon as they do not present the full gamut of facts and decision-making criteria to businesses. Our research, and existing literature, also found this emerging ‘middle ground’ of document strategy choices. Rather than an either-or decision, our research found that, increasingly, organisations and customers are using both paper and pixel communications to lift the overall customer experience and process usability factors. Based upon the outcomes of this research, we have identified the need to enable customers to make informed decisions based upon their unique environments and are pursuing further work in 11/12 to this end.

![LCA comparison of carbon footprint: printed versus online statement (grams of carbon).](image-url)

- **90.5** printed statement
- **71.6** online statement
<table>
<thead>
<tr>
<th>Document intensive business processes</th>
<th>Basic response</th>
<th>Strategic response</th>
<th>Transformational response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lens 1: environmental impact</strong></td>
<td>Limited understanding amongst senior executive team of environmental issues, impacts and opportunities associated with the company’s operations (including paper usages and greenhouse gas emission related issues).</td>
<td>Some senior executive support for understanding of environmental issues and their potential impacts on the organisation, including potential efficiency-related opportunities and changing customer expectations.</td>
<td>Strong senior executive support and understanding of the organisation’s environmental strategy (e.g., paper sourcing and greenhouse gas emission related issues), including implications for internal and customer centric processes. Proactive approach to tracking environmental performance and understanding associated issues and the impact on business activities (e.g., through customer surveys, competitor analysis, LCAs).</td>
</tr>
<tr>
<td><strong>Lens 2: process efficiency and workflow</strong></td>
<td>Established processes have evolved and been added over time with limited operational review. Limited focus on the analysis of workflow dynamics and identification of potential efficiency improvements.</td>
<td>Some analysis of workflow dynamics around priority issues, with associated analysis of improvement opportunities.</td>
<td>Senior management support to champion transformational change. Strong focus on process analysis and identification of potential workflow and efficiency improvements.</td>
</tr>
<tr>
<td><strong>Lens 3: ‘cost to serve’</strong></td>
<td>Limited understanding or analysis of costs associated with particular document intensive business processes.</td>
<td>Some knowledge and understanding of the major costs associated with document intensive business processes, particularly across high visibility areas.</td>
<td>Thorough knowledge and understanding of costs and cost-related drivers impacting on various processes, including an ability to consider ‘cost to serve’ and related product/service metrics.</td>
</tr>
<tr>
<td><strong>Lens 4: customer centricity</strong></td>
<td>Limited understanding of customer related trends and associated drivers. For example, in relation to environmental concerns, adoption of mobile devices.</td>
<td>Broad understanding of current customer related trends and associated drivers. Limited adoption of new models and/or customer related process improvement initiatives based on following competitor behaviour.</td>
<td>Proactive approach to identifying customer needs (e.g., through market research) and maintaining a sophisticated CRM database that includes relevant and up-to-date information on customer preferences for paper-based and/or electronic communication systems.</td>
</tr>
</tbody>
</table>

Optimising document and business processes
Customers

What is in this section?
Customer experience strategy
Customer satisfaction
Office Customer satisfaction
Graphic Communications customer satisfaction
Global Services customer satisfaction
Customer support

Image: Fuji Xerox print centre at the University of Newcastle.
## Customer experience strategy

### Direction
- Gather stakeholder insights to identify issues and opportunities to take action and close the loop in a timely manner.
- Improve systems and processes for measuring and managing the customer experience.

### 10/11 objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement new customer satisfaction assurance system.</td>
<td>◀ This project has been delayed as we review our customer experience strategy and undertake a broader business process review.</td>
</tr>
<tr>
<td>Launch new customer satisfaction meeting format with revised KPIs.</td>
<td>▶ Completed in 10/11.</td>
</tr>
<tr>
<td>Decentralise customer satisfaction management, measurement and reporting giving increased ownership to the core business.</td>
<td>▶ We are still in the process of establishing a customer experience strategy, which will identify appropriate operational touch-points interfacing with our centralised approach.</td>
</tr>
<tr>
<td>Conduct a cross-divisional review of customer satisfaction targets to ensure they are meaningful and consistently aligned.</td>
<td>▶ An initial strategy review was conducted, with further needs analysis required before recommendations can be made.</td>
</tr>
</tbody>
</table>

### 11/12 objectives

Develop a customer experience strategy based on robust needs analysis across the organisation, with a view to making specific recommendations for the consideration of the executive leadership team mid-year.

Fuji Xerox Australia has been aware of shortcomings in its current approach to listening to customers for several years. While we have invested in systems, designed surveys and regularly monitor results, our organisation is committed to developing a benchmark voice-of-customer strategy and system. With this in mind, a customer experience (CE) workshop was convened in 10/11 with key stakeholders from all divisions participating. The purpose was to discuss the future direction of our customer experience strategy.

During this workshop we compared our current CE approach to best practice using an independent industry analyst process. It was the view of all stakeholders that we were not leading or bench-mark in any of the 10 areas that characterise leading-edge voice-of-customer (VoC) programs and that further CE strategy development work needed to take place in 11/12.

We have consensus on a number of areas:
- It was the common view that our current methods of gathering customer insights are too fragmented. This reflects an assurance finding that was made in our last sustainability report.
- We also have explored how we decentralise customer satisfaction management, measurement and reporting giving increased ownership to the core business. We are still keen to attach more ownership for analysis and actioning of customer comments to the most appropriate operational touch-points in the business. This however doesn’t preclude a centralised methodology, to ensure that we have a high level measure of the quality of our customer relationships.
- We agreed a common objective to gather stakeholder insights to identify issues and opportunities, take action and close the loop in a timely manner, which could apply to any of our stakeholder groups.
Voice of customer systems

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
- account reviews

Customer Satisfaction Assurance System

In our last report we committed to implement a new system with better classification and management of complaints and compliments for trending and analysis.

While the need for enhancements to our Customer Satisfaction Assurance System (CSAS) is still present to enable more comprehensive reporting, causal analysis and problem resolution, the project has become enveloped by a more holistic look at our customer experience strategy, together with a broad project review of our entire IS systems architecture. The opportunity to upgrade the regional Fuji Xerox voice-of-customer system for handling complaints, compliments and general customer feedback is now being examined. This will offer benefits in consistency of approach with customers, particularly those with a regional Asia Pacific presence. In the meantime our CSAS continues to handle unsolicited customer comments requiring action and existing processes and CSAS champions are focused on resolving any issues in the quickest possible time.

Customer satisfaction meetings

Conducted at branch level and with a clear escalation path and process to senior management, these monthly meetings identify outstanding issues, discuss the causes and identify actions around the issues.
Customer satisfaction

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

<table>
<thead>
<tr>
<th>10/11 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve a competitive benchmarking score of 85%.</td>
<td>▶ We fell considerably short of this target with a score of 56%.</td>
</tr>
<tr>
<td>Achieve overall office customer satisfaction index of 95%, including 40% very satisfied.</td>
<td>▶ Overall office customer satisfaction index of 97% achieved. This exceeded our target of 95% and was a 5% improvement on previous year. ▶ The 47% very satisfied score exceeded office target by 7%. It marked a 4% improvement on last year.</td>
</tr>
<tr>
<td>Achieve overall Graphic Communication customer satisfaction index of 95%, including 40% very satisfied.</td>
<td>▶ Overall graphic communications customer satisfaction was not achieved. We fell 5% short of this target. ▶ The 28% very satisfied score has remained static, falling 12% short of our target.</td>
</tr>
<tr>
<td>Continue to use net promoter score loyalty indicator for Office and Graphic Communications customers.</td>
<td>▶ Our net promoter score for office customers improved 2 basis points; our net promoter score for graphic communications customers improved 4 basis points.</td>
</tr>
<tr>
<td>Meet Office Services, Creative Services, Mail Services and Print Services targets.</td>
<td>▶ Office Services met the 92% overall satisfaction index (OSI) target and exceeded by 10% the 30% ‘very satisfied’ target. ▶ Print Services exceeded by 3% the 95% OSI target and exceeded by 12% the 56% ‘very satisfied’ target. ▶ Creative Services met the 95% OSI target and exceeded by 24% the 56% ‘very satisfied’ target. ▶ Mail Services exceeded by 2% the 95% OSI target and fell 5% short of the 56% ‘very satisfied’ target.</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>11/12 objectives</th>
</tr>
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<tbody>
<tr>
<td>• Achieve overall Office customer satisfaction index of 95%, including 40% very satisfied.</td>
</tr>
<tr>
<td>• Achieve overall Graphic Communication customer satisfaction index of 95%, including 40% very satisfied.</td>
</tr>
<tr>
<td>• Achieve a 10% improvement in our competitive benchmarking score.</td>
</tr>
<tr>
<td>• Meet Office Services, Creative Services, Mail Services and Print Services targets.</td>
</tr>
<tr>
<td>• Continue to monitor and improve net promoter score loyalty indicator for Office and Graphic Communications customers.</td>
</tr>
</tbody>
</table>

**Competitive Benchmarking Study**

The Competitive Benchmark Study (CBS) is designed to assess Fuji Xerox’s overall customer satisfaction and loyalty in relation to three competitors in the Australian market.* The competitive strengths and weaknesses of our office products are assessed.

The loyalty index is calculated by combining 3 key metrics:
- Overall Satisfaction
- Likelihood to buy additional products
- Likelihood to recommend

Only where we achieve a high-score (8, 9 or 10) in all 3 categories do we classify the customer as ‘loyal’.

We saw a considerable drop this year in the ‘likelihood to recommend’ category (67 percent in 10/11 compared to 91 percent in 09/10), in ‘overall satisfaction’ (78 percent vs. 83 percent), and ‘likelihood to purchase new products’ (70 percent vs. 89 percent). This has impacted the overall loyalty index. As a result the loyalty index for Fuji Xerox is much lower than in 09/10 (56 percent vs. 77 percent).

All 3 competitors in the survey experienced a drop in loyalty scores. This was mainly driven by a lower likelihood to recommend across all brands. This is sometimes the case when respondents are not overly confident about the economic market outlook, which might make them more conservative in recommending any brand to people around them.

The detail of this study reveals that our competitive positioning is no.1 in ‘overall satisfaction’, ‘brand image’ and ‘product quality and reliability’. However we are behind the competitors on ‘billing and invoicing’, ‘price/value continuum’ and ‘problem resolution’. Billing and invoicing has been previously identified through cross survey analysis as an issue and was dealt to in our last report.

* The study includes both existing and new customers.
Overall satisfaction = 83%
Likelihood to buy additional products = 89%
Likelihood to recommend = 91%

09/10 loyalty index = 77%

Overall satisfaction = 78%
Likelihood to buy additional products = 70%
Likelihood to recommend = 67%

10/11 loyalty index = 56%

Fuji Xerox Australia loyalty index.

Fuji Xerox Australia customer profiles

<table>
<thead>
<tr>
<th>Office Solutions Business</th>
<th>Graphic Communications Business</th>
<th>Supplies</th>
<th>Global Services</th>
</tr>
</thead>
</table>
| Small businesses to large corporations purchase printers, multifunction devices and workflow solutions from our Office Solutions Business. | Graphic arts and production environments purchase commercial printing systems and services from our Graphic Communications Business. | Small businesses to large corporations purchase a wide range of products for digital printing, preparation and finishing of documents. | Large corporations use our outsourced document management and business process services. Lines of service include:

- **Document Management**: Creative, Print, Mail and Office Services (print infrastructure management).
- **Business Process Services (BPS)**: finance and administrative. |

Measurement of customer satisfaction

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<tbody>
<tr>
<td>Satisfaction is not measured separately but rather integrated into other surveys. This applies only to supplies customers who are also customers of other parts of the business. Approximately half of supplies customers are not captured in this process and do not have their customer satisfaction measured.</td>
<td>The majority receive an end-user online survey. The focus is on round-table industry events, where we invite executives to discuss common trends and challenges. Please see pages 90–93 for Global Services customer satisfaction.</td>
</tr>
</tbody>
</table>
Office Customer satisfaction

Our 10/11 results showed an increase in overall satisfaction from 92 percent in 09/10 to 97 percent. This exceeded our target of 95 percent. The proportion of very satisfied customers has risen from 42 to 47 percent in the same period.

This reflects a positive shift in customers from satisfied to very satisfied. We are also encouraged to see a decline in the number of dissatisfied customers. Our analysis of the reasons for issues and what we are doing to improve customer service are outlined below.

Equipment delivery and installation

For four consecutive years our survey responses have identified some areas for improvement required in equipment delivery, installation and removal of the old machine. Order fulfilment can be a complex process. It requires the delivery of the devices, their connection to the customer’s network, the installation of software, the integration of workflow, the removal of old devices and packaging for recycling, and the training of the user, with all of these causing minimal disruption for the customer. For our customers, the main area of concern is timeliness, and reducing the time between when the equipment is delivered by our logistics suppliers and installed by our technicians.

To address this issue a range of order fulfilment options are now being explored, including remote installation support, and the de-coupling of installation and training. A key contributor to the success of this changing approach is the addition of scheduling resources, ensuring our staff clearly understand and document the installation requirements before the delivery of the solution. We are pleased to see improvement programs put in place continue to have a positive impact on customer perceptions in this area.

Customer feedback:

“There was a problem with delivery of new machine and transition from the old machine.”
Our 10/11 response:

• In 10/11 we took further steps to minimise delays between delivery and installation of equipment. We increased our capacity to install devices by reducing the customer training provided during installation. This has led to an average 1.5 hour time lapse between when the device is delivered and when it is technically installed. This is a significant improvement upon the average four-hour time lapse in 09/10.

• We have also consolidated regional deliveries in non-metropolitan areas. This has created cost and environmental efficiencies and also led to a more productive use of delivery and installation resources.

In 11/12 we will continue to improve our approach by:

• improving the customer order information provided by sales so that delays during installation can be avoided
• broadening logistics supplier relations so that we can increase our capacity and flexibility to respond to customer needs in a way that is also responsible to our suppliers
• working to streamline the process and identify any further efficiencies that can be gained.

Customer administration

Analysis of the comments received highlights our customers concerns largely lie in the areas of billing, billing systems and responses to billing queries. Improvement programs to address these areas were put in place over the course of 11/12 and are beginning to be reflected in our customer survey findings.

Customer feedback:

“Only comment is the product sold is good, invoices side is not so good, needs a lot of work.”

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 10/11 the Office Customer satisfaction survey resulted in a NPS of 38 percent, a two point increase from 09/10, and 7 percent above the target of 30 percent. This is a positive indication that the steps we are taking to resolve customer satisfaction drivers in equipment order fulfilment and customer administration are having an impact.

In 11/12 we will continue to improve our approach by:

• improving billing accuracy by continuing the roll-out of e-metering
• building the knowledge and professionalism of our customer administration staff and evaluating improvement programs in 11/12.
• reviewing our business processes enterprise-wide, which will support the long-term improvement of our customer administration systems.
Graphic Communications customer satisfaction

The Graphic Communications customer satisfaction survey was designed to uncover positive and negative customer perceptions of our business, including: competitive aspects, the business relationship, account management, loyalty and overall satisfaction.

Overall Production Customer satisfaction index of 90 percent was achieved. This fell 5 percent short of target, and was a 1 percent decline on the previous year. The 28 percent very satisfied score has remained static, falling 12 percent short of our target. However there has been a reduction in the number of very dissatisfied customers and a parallel growth in the number of dissatisfied customers. Our analysis of the reasons for issues and what we are doing to improve customer service are outlined below.

Account review

Last year we identified that for some clients account management by our sales teams was a significant cause of customer dissatisfaction.

Customer feedback:

“Fuji Xerox Australia knows the business and are constantly talking (to us). They understand our current equipment and what is coming in the future.”

Our 10/11 response:

- We placed a renewed focus on using the intensive care process to conduct account reviews. All business managers set objectives to ensure customers had effective account management. The account managers who reported to them accepted a target to complete account reviews for each client. The positive results of this process are evident in 10/11 with a significant improvement in customer satisfaction with the account review process.*
- In 11/12 we will sustain this improvement to our account review process.

* Minor changes were made to the customer survey questions; we acknowledge this may have contributed to changes in results.
Understanding customer needs
There has been a steady increase in customers’ perception that our sales teams add value to a customers’ business and the strikingly high satisfaction rating of their knowledge.

Customer feedback:
“We have regular interaction, we have non-standard workshops and the key executives are in contact during and after these events. They offer plenty of suggestions and recommendations. They give us feedback for new projects even if not for Fuji Xerox. A real business partner, not just a supplier.”

Our 10/11 response:
• Fuji Xerox Australia has already implemented a change to its sales training techniques in 10/11, with a view to focusing on customers’ purchasing behaviours.
• In 11/12, this will be supplemented by a business acumen training program delivered by external providers. The intention of this program is to ensure the Graphic Communications sales teams have a strong appreciation for our customers’ core business drivers.

Billing and administration
Our billing and administration process sometimes frustrates our customers.

Customer feedback:
“A few things, operationally which are very frustrating for me. Not sure if they can be fixed but from a customer viewpoint they are frustrating:
1) A/c online or My Account is useless, cumbersome and not user-friendly. We’ve tried updating locations online but there is still confusion with ordering.
2) Toner order — no idea which machine it’s for when it arrives. Why not an m/c serial number?
3) No continuity in leasing agreements and serial numbers — difficult to match documents to a machine.
4) Approx 80% of m/c have automatic orders of toner etc. direct to Fuji Xerox Australia but we don’t know which are automated and whether replacements are on the way.”

Our 10/11 response:
• We customised invoicing for some Graphic Communications customers with specific requirements.
• In 11/12 we will undertake a total review of our business systems and processes, to better streamline the customer experience. This process will form the basis for enduring improvements to our billing and administration systems.

Graphic Communications net promoter score
The NPS improved by 4 basis points from 09/10 to 10/11. This positive trend over the last three reporting periods confirms that measures being taken to address customer satisfaction drivers are having the desired effect.
Global Services customer satisfaction

In addition to our standardised online survey, 10/11 has seen the introduction of our Key Contact Survey process that comprises a formally scheduled meeting with our customer’s key stakeholders.

The interview is conducted by our senior operations management personnel and structured questions are posed in an interview format that provides an opportunity for customers to express how effectively Global Services is delivering value in line with their expectations. In this past year, the number of end users surveyed across our customer sites was 4,179 across more than 55 different customers.

Finally, an important development in 10/11 was goal alignment, with the operations management team all having 50% of their variable pay plan measured on the improvement in customer experience. We believe this is a vital improvement that ensures all employees focus on delivering ongoing value to our customers.

Office Services customer satisfaction

In 10/11 we improved our ‘very satisfied’ metric by 5 percentage points to 40%. This was a strong result based on improved collaboration, educating employees about our standardised delivery frameworks and proactive supplier management of our onsite DocuCare employees.

Customer feedback:

“As a company with a significant ability to influence paper consumption, it would be great if you could strongly encourage customers, especially universities, to set the default print to double sided.”

In 11/12, our planned improvements include:

- technology platform investment to further promote real-time collaboration supporting continuous improvement
- capability development of our management team to build analytical skill to support greater proactive business advisory focus
- structural realignment to provide stronger teamwork in providing ongoing Office Services to our customer base.
Print Services customer satisfaction

In 10/11 maintained our ‘very satisfied’ performance of 68% as measured within our end user survey. We have observed that while our results continue at very high levels, our challenge to increase our value add to our customers in a dynamically changing environment is paramount. It is in this context we believe we must develop greater efficiencies and broader printing-based solutions to complement our strong current offerings. Enhancements to our online workflow solution and the standardisation of performance measurement and reporting frameworks remain examples of such key improvements.

Customer feedback:

“I am very satisfied with Print Services overall and feel very few changes need to be made. Maybe the speed of delivery but that is a minor thing.”

Our planned 11/12 improvements involve:

- technology platform investment to further promote real time collaboration supporting continuous improvement
- capability development of our management team to build analytical skill to support greater proactive business advisory focus
- provision of specific user-based campaigns to build awareness of service offerings.

Creative Services customer satisfaction

In 10/11 we were able to complete end user surveys over a much smaller sample size than the previous year and while we achieved 80% percent ‘very satisfied’, it remains important to ensure that end users are fairly represented. Much effort has been focused on defining our standard operational delivery model for the provision of Creative Services and we have now established a community of practice to enable shared learning of creative ideas which is beginning to have an impact on our ‘very satisfied’ results.
Customers

Our planned 2011/12 improvements involve:
- technology platform investment to further promote real
time collaboration supporting continuous improvement
- capability development of our management team to build
analytical skill to support greater proactive business
advisory focus
- provision of specific user-based campaigns to build
awareness of service offerings.

Mail Services customer satisfaction

In 10/11 we maintained our ‘very satisfied’ performance of 51%. Our challenge is to continue to consult with customers on innovative ways to enhance the distribution of key documents within and outside of their organisations. Increased focus on this key area will be required to build upon the sound service delivery achieved to date.

Our planned 2011/12 improvements involve:
- developing new linkages with our technologies to provide
scanning solutions for mail service requirements
- capability development of our management team to build
analytical skill to support greater proactive business
advisory focus
- identification of specific continuous improvement initiatives
to focus our Professional Services effort on existing customers.

Business Process Services
customer satisfaction

In 10/11 our Business Process Services (BPS) customers were surveyed for their satisfaction with a revised methodology." To understand overall satisfaction BPS customers are surveyed at three levels within their organisations with each level weighted for contribution to an overall satisfaction score.

Customer feedback in 10/11 was very positive with the majority of BPS customers responding that they are ‘satisfied’ or ‘very satisfied’ with the service they are receiving. They feel Fuji Xerox understands their business needs and objectives and they are satisfied with our operational performance and account management. This was demonstrated to customers through our attention to maintaining Service Level Agreements, having a single point of contact for all operational issues, being proactive and responding quickly when problems are encountered and demonstrating willingness to go the extra mile.

The Net Promoter questioning provided the most beneficial feedback as it helped to identify the main issues customers have with our service.

*BPS customer satisfaction surveys have been conducted for three years. However the methodology has been neither consistent nor robust.

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**Mail Services customer satisfaction**

<table>
<thead>
<tr>
<th>Year</th>
<th>Very satisfied</th>
<th>Dissatisfied</th>
<th>Satisfied</th>
<th>Very satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/11</td>
<td>51</td>
<td></td>
<td>67</td>
<td></td>
</tr>
<tr>
<td>09/10</td>
<td>50</td>
<td></td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>08/09</td>
<td>69</td>
<td></td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>07/08</td>
<td>54</td>
<td></td>
<td>45</td>
<td></td>
</tr>
</tbody>
</table>

**Overall satisfaction target 11/12**: >95%

**Very satisfied target 11/12**: >56%

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**BPS customer satisfaction**

<table>
<thead>
<tr>
<th>Year</th>
<th>Very satisfied</th>
<th>Dissatisfied</th>
<th>Satisfied</th>
<th>Very satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/11</td>
<td>44</td>
<td></td>
<td></td>
<td>54.5</td>
</tr>
</tbody>
</table>

**Overall satisfaction target 11/12**: >95%

**Very satisfied target 11/12**: >50%
The responses to the question ‘what are the key improvements you would like FXGS make in order for you to give a rating closer to ten’ were:

- Continual innovation to assist the customer operationally
- An improvement in the quality of incident reporting
- Consistency in the level of service operationally
- Providing more information about current innovations and other services FX can provide
- Pricing including cost of change requests
- Meeting of timelines when implementing both the initial service and change requests

To address previous customer feedback around continuous improvement, in 10/11 BPS launched the ‘iQuality’ program. This program provides a simple process to raise, capture and prioritise continuous improvement suggestions from both service delivery and the customer with a view to improving the overall customer experience.

The implementation of the program has been successful and the program will be rolled out into other parts of the Global Services business in 11/12.

To address customer feedback around the quality of incident reporting, in 11/12 BPS will roll out an improved incident report format.

BPS has identified that issues with consistency were due to employee turnover. To avoid disruption when this occurs, BPS is working to cross-skill employees to reduce knowledge gaps and to ensure that operational processes are well documented. It is envisaged that the iQuality program will also assist in improving consistency of service.

In 10/11 some customers gave feedback that they were unaware that Fuji Xerox offered other lines of services outside of BPS. This was identified as a sales and client management issue. The revised customer satisfaction process will give client managers direct access to senior management and key operation contacts within our customers’ businesses, enabling them to learn more about the businesses and making customers more aware of our full range offerings.

To reduce customer issues with pricing-over-change requests, BPS will continue to work on providing a full explanation of costs.

Although some customer feedback was received in 10/11 relating to meeting timelines, overall BPS is delivering more than 90% of projects on time and on budget. A new program management tool (Celoxs) was rolled out in 10/11 and it is envisaged this will continue to support delivery of on time, on budget projects.
### Customer support

#### Direction

To lead operational excellence in service solutions and build a flexible, knowledgeable and adaptable organisation. This will enable us to deliver a streamlined experience for our customers while being an innovative partner of choice for support across Fuji Xerox.

#### 10/11 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶ The Office hours per million prints target of 19.3 was achieved with an actual of 19.2.</td>
</tr>
<tr>
<td>▶ The Graphic Communications hours per million prints target of 15.7 was not achieved with an actual of 18.5, slightly up from 18.3 the previous year.</td>
</tr>
</tbody>
</table>

- Decrease customer maintenance hours per million prints to 19.3 (Office) and 15.7 (Graphic Communications).

- Increase proportion of customer issues resolved without a site visit to 53%.

- Review appropriateness of ‘maintenance hours per million prints’ target.

#### 11/12 objectives

- Decrease customer maintenance hours per million prints as per the following targets:
  - Office mono — 20.5 to 19.8
  - Office colour — 15.9 to 15.2
  - Graphic Communications mono — 13.0 to 12.7
  - Graphic Communications colour — 47.8 to 42.8

- Increase the proportion of customer issues resolved without a site visit to 57%.

- Conduct a life-cycle analysis study to quantify the impacts of on-site vs remote support and identify opportunities for improvement.

- Implement recruitment and capability development strategies to ensure a highly skilled workforce.

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Our customer support goal is to achieve operational excellence in service solutions and to build a flexible, knowledgeable and adaptable organisation. This remains critical as our business moves towards providing integrated document services so our customers are better able to manage information and streamline their business processes. This shift requires the ongoing development of new support skills and capabilities so we can deliver streamlined customer experiences and be an innovative partner of choice for support.

For Fuji Xerox Australia’s Customer Support Organisation, environmental sustainability is achieved through carbon footprint reductions while business sustainability is achieved by developing an efficient operation with a solid financial foundation, and a customer focused culture driven by continuous improvement and innovation.

### Environmental sustainability

The choice of a new vehicle for the field service engineers was an important initiative in 10/11 in the reduction of our carbon footprint. The Ford Falcon LPG wagon that was used for a number of years was largely selected because of its efficient fuel system. However with the Falcon wagon coming to the end of its life, we were provided with the opportunity to look for an even greener solution. Our selection of the Ford Mondeo diesel wagon has been a significant improvement, with a five-star ANCAP safety rating, as well as carbon emissions of only 165 gms per km compared with the Falcon LPG wagon’s 244 gms per km. As the current fleet is replaced with the new vehicles, a tangible reduction in emissions will occur.

A proportional reduction in the need for site visits compared with the overall number of customer resolutions, has the dual benefit of decreasing the km travelled (reducing carbon footprint), while also reducing the overall cost of support. The significant increase in the percentage of customer issues resolved without a site visit in 10/11, validates the strategies and past investments made in the areas of esupport and technical support.

### Business sustainability

The Customer Support Organisation continues to focus on driving esupport capability and effectiveness to further increase the proportion of customer issues resolved without a site visit to 57 percent.

This increased esupport ratio is a testament to the effectiveness of the investments made in resources, skills, tools and technology in our Sydney based regional support centre. Given the changing complexity and baseline reliability of our solutions, we will continue to test the limits of what is possible to achieve through esupport.

An increase in the percentage of calls resolved without a site visit doesn’t guarantee a reduction in the onsite hours spent supporting customers. Even though devices themselves are becoming more reliable, there is upward pressure on support times due to the performance expectations from customers,
Customer support resolutions

Onsite
(Field technician)

Customer Service Centre

Telesupport
(Technical Support Centre)

Online self-help
(Online Support Assistant)

Our customer support team at the Australian Technology Park office, NSW.
our own goal of achieving high levels of customer satisfaction, and the increasing complexity of our business solutions.

Measuring support hours per million prints is a way of tracking how well the field service operation is meeting these challenges. The improvement seen in 10/11 shows that we are able to improve field service efficiency, while meeting these service delivery challenges.

Gains in these metrics occur only through a continuous focus on improvement. This is achieved through investments in innovation and resources and by developing a culture throughout the operation that encourages incremental improvements in work processes.

Effective service delivery in the future requires the development of a more flexible field support team. In 11/12 more than 10% of our field support staff undertook network skills training. This skill development program is an ongoing initiative which will evolve over the next few years to ensure our field support teams are capable of supporting a range of customer solutions.

To meet the need for new field support employees, we have developed a structured recruitment program for high-quality trainees. This is a key method through which we seed our field support workforce with the skills required to manage the evolving technology of future solutions. This addition of new technical and solutions support specialists allow us to accommodate the proliferation of local, more complex solutions, tailored to the specific needs of the customer.

In 10/11 the development of high-quality face-to-face, online self-paced, hybrid training solutions has been a particular focus. To this end, a specialist group has been created to develop a range of state-of-the-art training solutions for all offerings. A new learning management system has also been implemented to support this range of training activities.

A key dependency for the Customer Support organisation to meet our customers’ needs, is the ability to monitor devices remotely. This takes the headache out of capturing meter readings, enhances the ability to respond to faults and manage consumable replenishment, and provides a rich array of reporting, both for the customer and internal analysis. The inclusion of automatic meter capture as part of the standard service offering and development of environmental reporting for the customer, are two recent initiatives in this area.

We are proud that Fuji Xerox leads our industry in customer support, and that Fuji Xerox Australia leads all operating companies in the innovative field of esupport.* Our strong focus on continuous improvement and customer first will fuel our ongoing innovation and ensure we are ready to meet our customers’ changing needs and the needs of Fuji Xerox Australia as we build an integrated document services market.

* Regional competitive benchmarking study
Customer support team members.
End-of-life

What is in this section?

- Our approach to end-of-life resource recovery
- Asia Pacific Integrated Recycling Centre
- Eco Manufacturing Centre
- Optimising end-of-life product return
- Advocating for extended producer responsibility

Image: remanufacturing at our Eco Manufacturing Centre in Zetland, NSW.
Our approach to end-of-life resource recovery

**Direction**

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

<table>
<thead>
<tr>
<th>10/11 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work with our parent company to simplify approval for new remanufacture programs.</td>
<td>▶ We have been working with our parent company as an ongoing activity.</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>▶ A contractor was hired to review our end-of-life systems and prepare the company for impending regulations. This work is in progress and will continue in 11/12.</td>
</tr>
<tr>
<td>Prepare for emerging e-waste regulatory requirements.</td>
<td></td>
</tr>
<tr>
<td>Prepare for Eco Manufacturing Centre relocation to Green Star facility.</td>
<td>▶ Significant work has been undertaken to prepare for the relocation of the Eco Manufacturing Centre to a new Green Star-accredited location in September 2011.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11/12 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Continue working with our parent company as part of continuous improvement.</td>
</tr>
<tr>
<td>• Complete transition to interim local recycling solution.</td>
</tr>
<tr>
<td>• Continue developing systems for recycling in Australia and to comply with forthcoming regulations.</td>
</tr>
<tr>
<td>• Secure 5 Star Green Star accreditation for new Eco Manufacturing offices space and 4 Star Green Star accreditation for the warehouse.</td>
</tr>
<tr>
<td>• 201,750 parts remanufactured and 40 new remanufacture programs.</td>
</tr>
<tr>
<td>• $6.7m local benefit through costs saved.</td>
</tr>
</tbody>
</table>

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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 have 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 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.

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The Asia Pacific Integrated Recycling Centre

The Asia Pacific Integrated Recycling Centre based in Thailand processes up to 30,000 units of equipment and 500,000 toner cartridges per annum. The centre achieves over 99.8 percent resource recovery from end-of-life products and employed 350 local staff in 10/11.

Between its opening in December 2004 and March 2011, the centre has processed more than 150,000 products and generated more than 23,000 tonnes of recycled resources. Our efforts in product stewardship are not just resolving a landfill issue — through parts reuse we avoided more than 28,130 tonnes of carbon emissions and more than 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 10/11, we exported 1,626 tonnes of
equipment, parts, cartridges and packaging to this facility for recycling or remanufacture.

In 10/11 we explored 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. Further work will continue in 11/12 to address these issues and develop processes within Australia to meet our goals.

What can be remanufactured in an office device? Below are some of the parts, subassemblies and consumables that are typically remanufactured from a Fuji Xerox office device.
End-of-life

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.

A state-of-the-art facility employing 75 people, the centre has the capacity to remanufacture used parts and components for Fuji Xerox’s operations in Australia and to export remanufacture programs for associated companies in the Asia-Pacific region.

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. Although we have been exporting, a constraint on activities has been the reliance by our remanufacturing operations on the supply of used parts from the other operating companies. The major problem is that operating companies are not collecting sufficient numbers of parts that can be remanufactured.

During the year under review, 197,550 parts and sub-assemblies were remanufactured, which was below our target of 245,233 items.* This is due to a decline in demand for remanufactured parts, which can in turn be explained by their increased reliability during service. A stronger Australian dollar has had the effect of lowering export demand and at the same time made many OEM components cheaper. This has only marginally affected the costs of remanufacture in Australia of comparable parts to the extent that local parts are not competitive with imported parts. The centre’s 11/12 goal is to remanufacture 245,233 items. In 10/11 the centre achieved a saving of $5.5 million versus the cost of Xerox and Fuji Xerox supplied alternate parts. This was below our target of $6.7 million. Savings would have been higher without currency fluctuations. These lowered the price of imported products and made remanufactured items less competitive.

In 11/12 we will make efforts to hit our target of $6.7M by:
- focusing on high quantity high-savings margin products
- increasing effort to retrieve of used parts that can be remanufactured
- more focus on export, assisting other operating companies to collect used parts for remanufacturing

The centre’s work developing and implementing remanufacture programs for Fuji Xerox parts and sub-assemblies and Xerox origin products has continued. However we failed to meet our target of 50 new remanufacture programs because of reduced resourcing as we prepared for the move. In 11/12 we expect our capacity to design new remanufacture programs will be impacted by our relocation to a new facility.

* This result and target includes third party parts and subassemblies.

New Green Star facility

In 11/12 the centre will be relocated to a new Green Star accredited facility in Rosehill, Sydney.

We will seek 5-star accreditation for office space and 4-star accreditation for the industrial parts of its operations. Preparations for this relocation have been a significant draw on the centre’s resources in the year under review.

New remanufacturing programs

* This result and target includes third party parts and sub-assemblies.
Our Eco Manufacturing Centre in action.

<table>
<thead>
<tr>
<th>Year</th>
<th>Savings achieved</th>
<th>Total parts remanufactured</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/08</td>
<td>$11.3M</td>
<td>243</td>
</tr>
<tr>
<td>08/09</td>
<td>6</td>
<td>201.5</td>
</tr>
<tr>
<td>09/10</td>
<td>5.89</td>
<td>198.3</td>
</tr>
<tr>
<td>10/11</td>
<td>5.54</td>
<td>197.6</td>
</tr>
</tbody>
</table>

Savings achieved:
- 11/12 target: $6.7M
- 11/12 actual: $11.3M

Total parts remanufactured:
- 07/08: 243
- 08/09: 201.5
- 09/10: 198.3
- 10/11: 197.6
Optimising end-of-life product return

In the year under review the total amount of end-of-life products gathered from our customers increased from 3,044 tonnes in 09/10 to 3,461 tonnes in 10/11, a 13.7% increase overall.

In 10/11 the percentage of parts and assemblies remanufactured in Australia decreased from 14.3 percent to 12.4 percent reflecting reductions in output from local remanufacture. Assets recovered in Australia increased marginally from 3.6 percent to 3.7 percent. Equipment recycled in Thailand decreased from 28.5 percent to 23.4 percent reflecting changes in the mix of components exported to Thailand (a greater amount of mechanical and electronic parts, fewer devices). In turn, parts and cartridges remanufactured or recycled in Thailand increased from 20.1 percent to 23.6 percent. Materials recycled in Australia increased from 30.6 percent to 34.1 percent reflecting the increased amount of equipment being sent for recycling in Australia (rather than to Thailand). Materials sent to landfill in Australia slightly decreased from 2.9 percent to 2.8 percent.

Reviewing product return systems

As a leader in product stewardship, we have invested significant resources in collecting and recycling our end-of-life products. Commencing in 10/11 we started a number of reviews and comprehensive assessments of our product returns systems and processes, including reverse logistics and local recycling options. This has been driven by the relocation of our Eco Manufacturing Centre, which has led to the establishment of an interim recycling solution, which involves using local recycling partners Close the Loop and SIMS. This interim solution will allow us to pilot aspects of a local approach while we design a long-term alternative to off-shoring e-waste. In 11/12, we will continue these activities to implement more efficient processes for responsible recycling of our products that meet both corporate objectives and imminent regulatory requirements.

Establishing product return measurement systems

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. 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 in 11/12. The establishment of a ‘Producer Responsibility Organisation’, servicing industry requirements under the new regulation, will provide a useful framework for that reporting to take place.

To date, we have continued to provide trend data on the weight of returned equipment, parts and cartridges and how those materials are used or responsibly disposed at our dedicated facilities or through recycling providers. Initial analyses of these data have identified gaps in knowledge that are being, and will continue to be, addressed in 11/12, and also take account of anticipated requirements of the forthcoming regulations. As a starting point, we have developed an interim process for recycling our products in Australia, commencing in second-half 2011. Experiences gained from these processes will guide the shaping of a longer-term process and provide significant inputs to building measurement systems in 11/12.
Identifying business efficiencies and new business opportunities

An objective during 10/11 has been to seek improvements in 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. As we develop our processes for Australian recycling, we will include requirements for better data to support more informative reporting to management, customers, government and other stakeholders.

Advocating for extended producer responsibility

Fuji Xerox Australia has actively participated in industry association activities that advance extended producer responsibility across our sector. We have been working closely with our peers from the Australian Information Industry Association (AIIA) to establish a product stewardship scheme for the computer and peripherals industry. Over the last decade the company has played a critical role in the introduction of new e-waste regulation to Australia. After six years of extensive consultation between the AIIA and the federal Department of Environment, Water, Heritage and Arts, a national e-waste regulation had been proposed. We are more keenly focused on that work with new regulations expected to become effective in 11/12.

Under the auspices of the Department of Sustainability, Environment, Water, Population and Communities, the Product Stewardship Bill 2011 was passed in the House of Representatives in July 2011. Regulations are expected to come into effect in late 2011. We are working closely with our industry association to ensure appropriate and effective regulations are put in place that will meet industry needs and drive the desired environmental outcomes. The regulations are intended to resolve weak end-of-life arrangements for consumer ICT products in Australia, recognising that while the business-to-business market is better serviced, it should also monitor and report performance.

The regulations include a requirement for liable parties to become or enter into an arrangement in order to comply with all regulatory requirements. Industry associations have been working towards establishing a joint industry body – OnePSO, which is intended to operate a product stewardship scheme on behalf of its members. This organisation is intended to be operational at the effective date of regulations.

Our sister company, Fuji Xerox Printers’ obligations in the consumer, small home office and small business areas will be fulfilled through the OnePSO operations, ensuring compliance with regulations. Performance reporting to government will be done by OnePSO on behalf of all its members. This is the main area where Fuji Xerox Australia will benefit. We will continue to manage our own end-of-life programs, but will use the OnePSO to collate performance reports for regulatory purposes.
Appendices

What is in this section?

Independent assurance statement
Summary performance table
Table of correspondence with Global Reporting Initiative 3.1 guidelines

Image: ‘Tomorrow’s seeds’ by Helen Pavli, Special Projects Manager, Bid and Tenders, Macquarie Park office, NSW.
Appendices

Independent assurance statement

To the Management and Stakeholders of Fuji Xerox Australia Pty Limited:

Fuji Xerox Australia Pty Limited (Fuji Xerox Australia) commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance of the ‘Sustainability Report 2011’ (the report).

The report presents Fuji Xerox Australia’s sustainability performance over the period 1 April 2010 to 31 March 2011. Fuji Xerox Australia was responsible for the preparation of the report and this statement presents our opinion as independent assurance providers. Net Balance’s responsibility in performing its assurance activities is to the Management of Fuji Xerox Australia in accordance with the terms of reference agreed with them. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

Assurance standard and objectives

The assurance engagement was undertaken in accordance with the AA1000 AS (2008) assurance standard (AA1000AS). The standard provides a comprehensive way of evaluating whether an organisation is responsible for its management, performance and reporting on sustainability issues. This is achieved by evaluating the organisation’s adherence to the AA1000 AccountAbility Principles (2008) and by reviewing the accuracy and quality of disclosed sustainability performance information.

The AA1000 Accountability Principles (2008) used to assess Fuji Xerox Australia’s processes include:

- **Inclusivity**: How does the organisation include stakeholders in developing and achieving an accountable and strategic response to sustainability?
- **Materiality**: How does the organisation include in its report the material (most important) information required by its stakeholders to make informed judgements, decisions and actions?
- **Responsiveness**: How does the organisation respond to stakeholder concerns, policies and relevant standards and adequately communicate these in its report?

Assurance type and scope

Net Balance provided Type 2 assurance in accordance with the AA1000AS (2008). This involved assessing the organisation’s adherence to the AA1000 AccountAbility Principles (2008) and assessing the accuracy and quality of the sustainability information contained within the report, which focused on the following material areas:

- health and safety
- customers
- product end-of-life
- paper sourcing
- environment
- human resources.

Assurance level and limitations

Net Balance provided a high level of assurance over the Principles of Inclusivity, Materiality and Responsiveness and a moderate level of assurance over data and statements in the report. The assurance scope covered the online report and the printed report and focussed on systems and activities of Fuji Xerox Australia during the reporting period with the following exceptions:

- Net Balance did not verify financial data, other than that relating to environmental, social or broader economic performance.
- Net Balance did not conduct any site visits other than to the head office at Macquarie Park, Homebush and the remanufacturing centre at Zetland. The majority of interviews with data owners were conducted face-to-face and, only where required, by phone.

Assurance methodology

The assurance engagement was undertaken in May to August 2011, and involved:

- Preparation of a materiality register (list of key sustainability issues) using the five-part materiality test.
- Interviews with the Managing Director, Executive General Manager Corporate Affairs, Executive General Manager Human Resources, Executive General Manager Supplies, National Manager Office Solutions Business, State General Manager NSW Integrated Sales and Marketing Division (ISMD), Operations Manager Eco Manufacturing Centre, Manager Environment and Sustainability, Manager Customer Satisfaction and Quality, National Environmental Management Systems (EMS) Manager and National Manager Health and Safety, to understand how sustainability is integrated within the organisation.
- A review of the materiality process and stakeholder engagement activities undertaken by Fuji Xerox Australia during the reporting period and how this informs the sustainability strategy and performance of the organisation.
- A review of Fuji Xerox Australia’s key sustainability strategies, policies, objectives, management systems, measurement and reporting procedures.
- Interviews with key personnel responsible for collating and writing various parts of the report to substantiate the reliability of selected claims.
- A review of the report for any significant anomalies, particularly in relation to claims as well as trends in data.
- Verification of over 110 selected data points and statements and the systems and processes that support the data.
- A Global Reporting Initiative (GRI) G3.1 application level assessment.

Our Independence

Net Balance was not responsible for preparing any part of the report. Our team’s independence was ensured by selecting team members with no other involvement with Fuji Xerox.
Australia during the reporting period that could impair the team’s independence or objectivity.

Our competency

The Fuji Xerox Australia assurance engagement was carried out by an experienced team of professionals led by a Lead Sustainability Assurance Practitioner (Lead CSAP), accredited by the International Register of Certified Auditors UK (IRCA UK). The project included personnel with expertise in environmental, social and economic performance measurement across a range of industry sectors. Net Balance is a global leader in the use of Accountability’s AA1000AS, having undertaken over 100 assurance engagements in Australia in the past four years.

Findings and Conclusions

Adherence to AA1000 Principles

Inclusivity:

Fuji Xerox Australia has a diverse range of stakeholders and multiple processes in place for engaging stakeholders from across the business including the materiality process and customer surveys. To further embed sustainability at Fuji Xerox Australia, Net Balance would like to see improvements in the management of sustainability (nonfinancial) risks and their inclusion into business strategies and plans. A key mechanism to improve risk management is through a corporate risk register that incorporates sustainability risks identified across a number of different processes including:

- the materiality register; aspects and impacts register of the Environmental Management System (EMS)
- risks identified in managing health and safety
- risks identified in developing the corporate and business strategies
- risks identified as part of the Quality Assurance system under ISO 9001.

Establishing a corporate risk register will provide Fuji Xerox Australia with a central view of the financial and nonfinancial risks that require close management to reduce their negative impact on business performance.

Materiality:

Net Balance found Fuji Xerox Australia addressed its sustainability material issues including, but not limited to diversity, paper sourcing, eco manufacturing, environmental management and customer satisfaction. The process used by Fuji Xerox Australia to identify material issues included engaging representatives from across the business in a role play exercise, weighting material issues based on defined criteria and engaging the Sustainability Advisory Board to review the weighted issues. Whilst this was a thorough approach to materiality, Net Balance believes a number of material issues relating to business fundamentals need to be elevated due to their importance in managing business risks and achieving the strategic vision of the organisation. These issues include management of health and safety, quality assurance systems, risk management and governance of sustainability issues. Moving forward Net Balance suggests Fuji Xerox Australia:

a) includes the Sustainability Advisory Board in developing the initial material issues;

b) reviews the system for weighting issues to ensure business fundamentals are fairly weighted;

c) includes the feedback from a broader range of stakeholders in developing the issues, including customers;

d) aligns the materiality register to the organisation’s risk register and;

e) releases the updated Code of Conduct.

In addition, Net Balance recommends the inclusion of Fuji Xerox Australia’s procurement systems and processes in next year’s non-financial assurance.

Responsiveness:

Fuji Xerox Australia is committed to responding to issues raised by stakeholders. During the reporting period Fuji Xerox Australia began actioning audit findings from last year’s sustainability assurance including: improving its safety culture; improving reporting of Scope 3 GHG emissions from transport and; mapping GHG emissions across its value chain.

To improve Fuji Xerox Australia’s responsiveness to sustainability issues and drive further improvements in performance, Net Balance would like to see Fuji Xerox Australia improve the governance framework for sustainability. Particular areas of improvement include:

a) material sustainability risks are reported to the Executive Board on an agreed periodic basis

b) ownership of sustainability issues by the Executive Leadership Team and their direct reports

c) inclusion of sustainability issues in divisional business plans, and (d) establishing processes for assessing customer feedback and escalating important issues to senior management for action.

Reliability of Performance Information

Based on the scope of the assurance process, the following was observed with regard to performance information:

- The findings of the assurance engagement provide confidence in the systems and processes used for managing and reporting sustainability performance information, with the exception of Lost Time Injury Frequency Rate (LTIFR) and Injuries by Job Function. Net Balance was unable to verify the LTIFR and Injuries by Job Function due to insufficient records to support the results for the reporting period. Fuji Xerox Australia has made substantial changes to how health and safety are managed including the appointment of a National Health and Safety Manager, establishing a new team to support the Manager, undertaking an external audit of the Workers Compensation Claims process and the development of an OHS Manual and Policy.

- The level of accuracy of sustainability performance information was found to be within acceptable limits.

- Data trails selected were generally identifiable and traceable, and the personnel responsible were able to
reliably demonstrate the origin(s) and interpretation of data.

• The sustainability performance disclosures presented within the report appropriately reflect environmental, social and economic performance achieved during the period.

• The GRI application level check found that the report was classified as B+ in accordance with the GRI 3.1.

Overall, it is Net Balance’s opinion that the information presented within the report is fair and accurate. The report was found to be a reliable account of Fuji Xerox Australia’s sustainability performance during the reporting period.

The way forward

Net Balance found the report appropriately addresses Fuji Xerox Australia’s environmental, social and economic material issues. To ensure Fuji Xerox Australia continues to improve, Net Balance has identified the following key areas for improvement:

Safety

During the last six months of the reporting period Fuji Xerox Australia implemented a number of substantial changes to improve the management of health and safety of employees. However, a review of safety reporting systems shows there is room for further improvement in particular, the systems and processes in place for managing workers compensation claims. Improvements are required in the system for tracking the progress of claims, filing of medical certificates and workers compensation letters.

Paper sourcing

A strategic focus for Fuji Xerox Australia has been improving relationships with paper suppliers to provide confidence in the sustainability of operations and products. Whilst Fuji Xerox Australia has made improvements to its processes during the reporting period, Net Balance believes Fuji Xerox Australia could further improve its management of paper suppliers, including reducing some current duplication of efforts, by facilitating greater regional management of paper sourcing. As part of a regional approach, Fuji Xerox in the Asia-Pacific could:

a) apply a common risk management and supplier assessment framework for paper suppliers;

b) more proactively engage with key suppliers to support performance improvement;

c) better verify self-reported supplier performance by utilising data from existing third-party auditors of suppliers; and

d) provide guidance on reporting sustainability information and a consistent format to suppliers to enable them to provide consistent and comparable data of a high quality.

Fuji Xerox Australia staff with paper sourcing and management responsibilities could gain timely access to regional supplier data and management processes via suitable IT systems. An enhanced regional approach will provide Fuji Xerox Australia with improved efficiencies and increased assurance of the sustainability of its supply chain. Additionally, with higher quality and verified data, Fuji Xerox Australia will be able to improve its disclosure of supplier performance to stakeholders.

Customers

Each business within Fuji Xerox Australia received ‘good’ to ‘excellent’ customer satisfaction results during the reporting period. However, a review of quality assurance processes including customer surveys highlights the need for a high level customer strategy to establish the purpose and areas of focus for customer engagement across all business divisions. The strategy will help to inform the development of meaningful customer experience KPI’s and help to ensure customer engagement delivers value to Fuji Xerox Australia in terms of continuous improvement, efficiency gains and maintaining a leadership position. As part of the strategy, Net Balance would like to see a process for assessing customer feedback and prioritising issues that need to be escalated for action and directed to senior management.

On behalf of the assurance team,

Terence Jeyaretnam, FIEAust
Director, Net Balance & Lead CSAP (IRCA UK)
12 August 2011, Melbourne, Australia
Summary performance table

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.

### Summary performance

<table>
<thead>
<tr>
<th>Quality and innovation: investing in the continuous improvement of our products, services and internal business processes.</th>
<th>Page 19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direction</strong></td>
<td></td>
</tr>
<tr>
<td>Re-invigorate quality and focus on our core value of continuous improvement.</td>
<td></td>
</tr>
<tr>
<td><strong>10/11 objectives</strong></td>
<td><strong>How did we do?</strong></td>
</tr>
<tr>
<td>Maintain ISO 9001 certification.</td>
<td></td>
</tr>
<tr>
<td><strong>11/12 objectives</strong></td>
<td></td>
</tr>
<tr>
<td>• Maintain ISO 9001 certification and address the non-conformances that were received since the close of the year under review.</td>
<td></td>
</tr>
<tr>
<td>• Renew commitment from the executive leadership team to drive a quality focus in our culture and support our quality management system.</td>
<td></td>
</tr>
<tr>
<td>• Regroup, train and empower the quality community to perform the activities required to maintain and embed ISO 9001, drive improvement and present a uniform approach to the business.</td>
<td></td>
</tr>
<tr>
<td>• Review and simplify business processes to streamline the way we work.</td>
<td></td>
</tr>
</tbody>
</table>

### Business performance: creating sustainable value for our employees and parent company

<table>
<thead>
<tr>
<th>Business performance: creating sustainable value for our employees and parent company</th>
<th>Page 24</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direction</strong></td>
<td></td>
</tr>
<tr>
<td>To be the leader in providing the Australian market with integrated document services.</td>
<td></td>
</tr>
<tr>
<td><strong>10/11 objectives</strong></td>
<td><strong>How did we do?</strong></td>
</tr>
<tr>
<td>10.7% growth in total revenue across Fuji Xerox Australia (based on improved market conditions).</td>
<td></td>
</tr>
<tr>
<td>• $919.9m revenue, a 16% increase on 09/10 with acquisitions included, 8.2% increase in organic growth.</td>
<td></td>
</tr>
<tr>
<td>• Global services revenue grew 2.4%.</td>
<td></td>
</tr>
<tr>
<td>• Equipment revenue increased 11.4% organically.</td>
<td></td>
</tr>
<tr>
<td>• Document supplies revenue increased 13.7%.</td>
<td></td>
</tr>
<tr>
<td>• Annuity revenue grew 5.5% organically.</td>
<td></td>
</tr>
<tr>
<td><strong>11/12 objectives</strong></td>
<td></td>
</tr>
<tr>
<td>16.8% growth in total revenue across Fuji Xerox Australia (includes acquisitions).</td>
<td></td>
</tr>
</tbody>
</table>

### Employee engagement: investing in the continuous improvement of our products, services and internal business processes

<table>
<thead>
<tr>
<th>Employee engagement: investing in the continuous improvement of our products, services and internal business processes</th>
<th>Page 31</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direction</strong></td>
<td></td>
</tr>
<tr>
<td>• Be an employer of choice by 2015.</td>
<td></td>
</tr>
<tr>
<td>• Improve levels of employee engagement in line with Hewitt’s best employer’s score.</td>
<td></td>
</tr>
<tr>
<td><strong>10/11 objectives</strong></td>
<td><strong>How did we do?</strong></td>
</tr>
<tr>
<td>Target improvement in overall engagement to 60%.</td>
<td></td>
</tr>
<tr>
<td>• Overall engagement levels increased from 55% to 57%.</td>
<td></td>
</tr>
<tr>
<td>Run employee engagement focus groups and prepare action plans to address issues arising.</td>
<td></td>
</tr>
<tr>
<td>• Completed engagement focus groups and prepared action plans to address issues.</td>
<td></td>
</tr>
<tr>
<td><strong>11/12 objectives</strong></td>
<td></td>
</tr>
<tr>
<td>• Target improvement in overall engagement to 62%.</td>
<td></td>
</tr>
<tr>
<td>• Focus groups will be conducted primarily by managers and with action plans prepared to address issues that arise.</td>
<td></td>
</tr>
</tbody>
</table>
### Summary performance

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

**Direction**

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

<table>
<thead>
<tr>
<th>10/11 objectives</th>
<th>How did we do?</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target improvement in overall engagement to 60%.</td>
<td>▶ A national health and safety manager was appointed in September 2010, with the addition of two further safety professionals to build a national health and safety team of five.</td>
<td><img src="#" alt="Met" /></td>
</tr>
<tr>
<td>Create and implement benchmark rehabilitation and injury management systems and processes.</td>
<td>▶ An external review of national workers compensation management and systems was conducted. A key recommendation was to appoint a dedicated injury advisor. This position was filled in June 2011.</td>
<td><img src="#" alt="In progress" /></td>
</tr>
<tr>
<td>Identification and elimination of unacceptable risks in the workplace through further development and operational deployment of the new incident and injury database.</td>
<td>▶ Knowledge and awareness has improved through the review and communication of our national safety policy, the development of a new safety training package and improvements to the functioning of our site safety committees.</td>
<td><img src="#" alt="In progress" /></td>
</tr>
<tr>
<td>The development and implementation of an OHS risk assessment framework, including a more rigorous site audit program.</td>
<td>▶ The reporting of hazards, incidents, injuries and near misses has enabled root cause investigation and corrective actions to be taken to reduce risk in identified areas. This will continue to be our approach to risk assessment and mitigation.</td>
<td><img src="#" alt="Not met" /></td>
</tr>
<tr>
<td>In addition to LTIFR reporting, the final phases will allow for causal analysis and identification of high risk areas.</td>
<td>▶</td>
<td><img src="#" alt="Not met" /></td>
</tr>
<tr>
<td>Raise our people’s knowledge and awareness for safe work practices.</td>
<td>▶ Our LTIFR was 10.76 and the number of lost time injuries was 38.</td>
<td><img src="#" alt="Met" /></td>
</tr>
</tbody>
</table>

**11/12 objectives**

- Implement the health and safety strategic plan.
- Target LTIFR of eight with greater confidence in accurate data.
- Streamline injury management processes to reduce lost time injuries and claims timeframes to minimise personal impact of injuries to employees.
- Deliver a health and safety management system that is in line with legislative requirements.
- Improve health and safety communications and access to resources through web developments.
- Increase reporting on all hazards, incidents, injuries and near misses to identify all risks and implement appropriate corrective actions and further reduce risk.
- Continue safety training to management and safety committee members
- Release a new employee safety induction program
- Improve dashboard reports to executive and divisional management and employees.

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

**Direction**

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

<table>
<thead>
<tr>
<th>10/11 objectives</th>
<th>How did we do?</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilot United Way community impact model.</td>
<td>▶ We supported the development of the United Way community impact model.</td>
<td><img src="#" alt="Met" /></td>
</tr>
<tr>
<td>Partner with two to three education charities under United Way auspices.</td>
<td>▶ Partnered with six education charities in NSW, VIC, QLD, SA and WA through United Way.</td>
<td><img src="#" alt="Met" /></td>
</tr>
<tr>
<td>Launch New Hire Giving Program.</td>
<td>▶ New Hire Giving program was launched, with 22 new hires registering for the program in 09/10.</td>
<td><img src="#" alt="Met" /></td>
</tr>
<tr>
<td>Review resourcing of community program management.</td>
<td>▶ Resourcing of the community program was reviewed and additional support will be provided to the program in 11/12.</td>
<td><img src="#" alt="Met" /></td>
</tr>
<tr>
<td>Review donation policy for disaster relief and ad hoc requests.</td>
<td>▶ Donation policy was reviewed by the Community Committee.</td>
<td><img src="#" alt="Met" /></td>
</tr>
<tr>
<td>Continue to expand ABCN activity.</td>
<td>▶ ABCN activity continued to grow across the business, with our SA site taking part for the first time in 10/11.</td>
<td><img src="#" alt="Met" /></td>
</tr>
</tbody>
</table>

**11/12 objectives**

- Continue to support and participate in the development of the United Way community impact model.
- Develop closer ties with nominated education charities through United Way and expand volunteering opportunities with an education focus.
- Deploy United Way WorkPlace Giving campaigns across the business with a view to increasing participation rate to 10%.
- Continue to expand ABCN activity.
- Refresh the Community Service Awards program communications and promotion.
**Summary performance**

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

**Page 48**

**Direction**
- Reinforce environmental targets and re-engage staff in environmental programs.
- Run business operations with resource efficiency.

<table>
<thead>
<tr>
<th>10/11 objectives</th>
<th>How did we do?</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>All sites ISO 14001 certified in 10/11.</td>
<td>Three new sites have introduced an environmental management system and been certified ISO 14001.</td>
<td>●</td>
</tr>
<tr>
<td>10/11 relocations and refurbishments are aligned with 4-star Green Star standard.</td>
<td>Significant resources have been invested in preparing our Eco Manufacturing Centre for relocation to a Green Star facility in 11/12.</td>
<td>〇</td>
</tr>
<tr>
<td>Promote key EMS campaign ‘3 steps to Sustainability on Site’ at all locations.</td>
<td>‘3 Steps to Sustainability on Site’ campaign was rolled out at 20 sites nationally.</td>
<td>〇</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>
<td>Procured 30% GreenPower and established a Carbon Reduction Fund for energy efficiency projects.</td>
<td>〇</td>
</tr>
<tr>
<td>Complete cascade of EMS accountabilities to nominated positions.</td>
<td>Completed in 10/11.</td>
<td>〇</td>
</tr>
</tbody>
</table>

**11/12 objectives**
- Review how well we have engaged employees on environmental sustainability.
- Develop strategies to engage parts of the business with high impact/opportunity and build their ownership and capability.
- Update ‘Sustainability on Site’ training and revise our sustainability communications approach with employees.
- Sustainability committees created in appropriate locations.
- Cascade ‘Sustainability on Site’ to nominated service centres on customer site.

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

**Page 49**

**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 ‘Customers’).

<table>
<thead>
<tr>
<th>10/11 objectives</th>
<th>How did we do?</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce scope 1 &amp; 2 carbon emissions by 1% on 09/10 levels.</td>
<td>Scope 1 and 2 carbon emissions increased marginally by 0.9%.</td>
<td>〇</td>
</tr>
<tr>
<td>Monitor carbon emissions from employees’ air travel through new online travel request form and increase e-meeting uptake.</td>
<td>Air travel emissions were monitored however we did not create a new online travel booking process.</td>
<td>〇</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>
<td>Procured 30% GreenPower and established a Carbon Reduction Fund for energy efficiency projects.</td>
<td>〇</td>
</tr>
<tr>
<td>Identify and implement key carbon reduction projects.</td>
<td>Carbon reduction projects were approved. However their implementation was delayed because other business priorities took precedence. These projects will be implemented in 11/12.</td>
<td>〇</td>
</tr>
</tbody>
</table>

**11/12 objectives**
- Review carbon reduction target across scopes 1, 2 and 3.
- Develop a decision matrix to evaluate carbon reduction projects.
- Embed carbon criteria in the decision-making framework of our Project Management Office.
- Implement carbon reduction projects at our national warehouse and use Carbon Fund decision matrix to assess new carbon reduction opportunities for implementation in 11/12.
- Assess carbon risk in the supply chain and develop strategy to reduce carbon intensity in high-risk areas.
## Waste management: measuring and reducing our waste to landfill across the business

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

### 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.

**How did we do?**
- Waste sent to landfill decreased by 41% on 09/10 levels.
- Full transition has not occurred due to changing requirements and preparation for changes in end-of-life resource recovery taking priority.

### 11/12 objectives
- Complete and roll out national waste contract.
- Provide increased recycling as standard facilities at all sites.
- Expand bi-annual waste audits to all shared tenancy sites.

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

**Direction**
- Upgrade facilities where possible and improve water use estimate with real data.

### 10/11 objectives
- Reduce water use.
- Improve accuracy of average water-use-per-employee figure.

**How did we do?**
- Reduced water use by an estimated 11%.

### 11/12 objectives
- Meter water consumption at the Eco-manufacturing Centre.
- Ensure all sites have basic water efficiency measures installed such as flow regulators in all bathroom fittings.

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

**Direction**
- Reduce paper use and encourage the use of recycled and certified papers.

### 10/11 objectives
- Reduce paper use by 1%.
- Measure and report on FSC and PEFC paper use internally.
- Establish cost centres for internal paper use only.
- Review internal paper use policy.

**How did we do?**
- Overall paper use has increased by 2%.
- We have segmented our paper use into certified and non-certified paper types.
- Cost centre allocation has improved.
- We have commenced the review of our internal paper use policy, but the scope of the project has changed.

### 11/12 objectives
- Implement a device consolidation and upgrade at head office which will provide a better platform for print efficiency.
- Complete the review of paper use and share findings with employees responsible for paper purchase.
- Eliminate the use of non-certified virgin papers.

## Responsible procurement: managing a sustainable supply chain

**Direction**
- Ensure environmental, social and governance standards are applied through the corporate procurement framework.

### 10/11 objectives
- Continue updating supplier information in our new supplier relationship management database.
- Embed new procurement policy and processes by mentoring staff through significant procurement events.
- 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.

**How did we do?**
- The supplier relationship management database is operational; however adoption has been slow.
- The National Procurement Manager worked on several procurement activities with facilities, Customer Support Organisation, Eco Manufacturing and Global Services.
- Unfortunately the National Procurement Manager left the business during the year under review so we have not made the desired progress in improving supplier engagement mechanisms.

### 11/12 objectives
- Recruit a National Procurement Manager who will develop a mentoring and coaching approach to procurement across the business.
### Managing carbon with logistics suppliers: managing supplier performance for sustainability

#### Direction

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

#### 10/11 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce carbon emissions from logistics by 10% on 09/10 levels.</td>
<td>Collaboration was improved between sales forecasting and ordering leading to a 13% reduction in total emissions.</td>
</tr>
<tr>
<td>Implement sales forecasting and ordering improvements to reduce additional unforeseen costs and carbon.</td>
<td></td>
</tr>
<tr>
<td>Continue improvement of routing efficiency for equipment deliveries.</td>
<td>We used our transport management system to create cost and carbon efficiencies in equipment routing.</td>
</tr>
<tr>
<td>Complete the implementation of the environmental intelligence system and establish regular reporting and review of scope 3 carbon emissions.</td>
<td>Progress cascading the national environmental intelligence system to encompass logistics was delayed as we focused on improving measurement methodology and data capture.</td>
</tr>
<tr>
<td>Reduce paper and supplies deliveries from twice to once daily in Victoria.</td>
<td>Reduction of paper and supplies deliveries from twice to once daily in Victoria, which now completes this exercise nationally.</td>
</tr>
</tbody>
</table>

#### 11/12 objectives

- Complete implementation of the environmental intelligence system for logistics.
- Supply Chain Operations will review our national footprint, storage and transport requirements.
- Pursue efficiency through warehouse space utilisation project and container optimisation, and extend slip sheeting for paper supplies to Brisbane, Adelaide and Perth.
- Reduce airfreight for our imports and domestic distribution where possible.
- Re-engineer asset recovery process for equipment to decrease the storage of used equipment.

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

#### 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 we can act as a trusted advisor to clients on responsible paper sourcing.

#### 10/11 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and deliver detailed ‘paper facts’ training for Supplies sales and provide ongoing updates on emerging environmental issues.</td>
<td>Three training sessions were held with a focus on highlighting environmental issues related to our paper products.</td>
</tr>
<tr>
<td>Improve the administration of our assessment of compliance and establish a process for dealing with non-compliance.</td>
<td>Improvements to our administration of assessment of compliance or complete a review of our paper procurement processes were delayed in favour of a regional review, which we will pursue in 11/12.</td>
</tr>
<tr>
<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>
<td></td>
</tr>
<tr>
<td>Secure 100% paper supplier compliance with minimum standards and ask for improvements in the management of issues of primary stakeholder concern.</td>
<td>100% of our paper suppliers complied with our minimum standards.</td>
</tr>
<tr>
<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>
<td>Sales of FSC/PEFC certified or recycled stocks amounted to 73%, good progress towards an ambitious target.</td>
</tr>
<tr>
<td>Out of total paper sales 85% to be FSC / PEFC certified or recycled stocks.</td>
<td></td>
</tr>
</tbody>
</table>

#### 11/12 objectives

- Participate in a regional review of our paper procurement policy, assessment of compliance procedures and supplier performance management.
- Training sessions will continue in 11/12 to maintain compliance with our FSC certification and provide updates for our sales teams on environmental issues. It likely there will be a strong focus on carbon.
- Continue to secure 100% paper supplier compliance with minimum standards and drive supplier improvements.
- Bring carbon neutral paper to market.
- Out of total paper sales 85% to be FSC / PEFC certified, recycled or carbon neutral stocks.
Appendices

**Summary performance**

Customer experience strategy: developing systems to collect and respond to our customers’ feedback

**Direction**

- Gather stakeholder insights to identify issues and opportunities to take action and close the loop in a timely manner.
- Improve systems and processes for measuring and managing the customer experience.

<table>
<thead>
<tr>
<th>10/11 objectives</th>
<th>How did we do?</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement new customer satisfaction assurance system.</td>
<td>▶ This project has been delayed as we review our customer experience strategy and undertake a broader business process review.</td>
<td></td>
</tr>
<tr>
<td>Launch new customer satisfaction meeting format with revised KPIs.</td>
<td>▶ Completed in 10/11.</td>
<td></td>
</tr>
<tr>
<td>Decentralise customer satisfaction management, measurement and reporting giving increased ownership to the core business.</td>
<td>▶ We are still in the process of establishing a customer experience strategy, which will identify appropriate operational touch-points interfacing with our centralised approach.</td>
<td></td>
</tr>
<tr>
<td>Conduct a cross-divisional review of customer satisfaction targets to ensure they are meaningful and consistently aligned.</td>
<td>▶ An initial strategy review was conducted, with further needs analysis required before recommendations can be made.</td>
<td></td>
</tr>
</tbody>
</table>

**11/12 objectives**

Develop a customer experience strategy based on robust needs analysis across the organisation, with a view to making specific recommendations for the consideration of the executive leadership team mid-year.

Customer satisfaction: listening and responding to our customers’ feedback.

**Direction**

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

<table>
<thead>
<tr>
<th>10/11 objectives</th>
<th>How did we do?</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve a competitive benchmarking score of 85%.</td>
<td>▶ We fell considerably short of this target with a score of 56 %.</td>
<td></td>
</tr>
<tr>
<td>Achieve overall office customer satisfaction index of 95 %, including 40 % very satisfied.</td>
<td>▶ Overall office customer satisfaction index of 97 % achieved. This exceeded our target of 95 % and was a 5 % improvement on previous year. ▶ The 47 % very satisfied score exceeded office target by 7 %. It marked a 4 % improvement on last year.</td>
<td></td>
</tr>
<tr>
<td>Achieve overall Graphic Communication customer satisfaction index of 95 %, including 40 % very satisfied.</td>
<td>▶ Overall graphic communications customer satisfaction was not achieved. We fell 5 % short of this target. ▶ The 28 % very satisfied score has remained static, falling 12 % short of our target.</td>
<td></td>
</tr>
<tr>
<td>Continue to use net promoter score loyalty indicator for Office and Graphic Communications customers.</td>
<td>▶ Our net promoter score for office customers improved 2 basis points; our net promoter score for graphic communications customers improved 4 basis points.</td>
<td></td>
</tr>
<tr>
<td>Meet Office Services, Creative Services, Mail Services and Print Services targets.</td>
<td>▶ Office Services met the 92 % overall satisfaction index (OSI) target and exceeded by 10 % the 30 % ‘very satisfied’ target. ▶ Print Services exceeded by 3 % the 95 % OSI target and exceeded by 12 % the 56 % ‘very satisfied’ target. ▶ Creative Services met the 95 % OSI target and exceeded by 24 % the 56 % ‘very satisfied’ target. ▶ Mail Services exceeded by 2 % the 95 % OSI target and fell 5 % short of the 56 % ‘very satisfied’ target.</td>
<td></td>
</tr>
</tbody>
</table>

**11/12 objectives**

- Achieve overall Office customer satisfaction index of 95 %, including 60 % very satisfied.
- Achieve overall Graphic Communication customer satisfaction index of 95 %, including 40 % very satisfied.
- Achieve a 10 % improvement in our competitive benchmarking score.
- Meet Office Services, Creative Services, Mail Services and Print Services targets.
- Continue to monitor and improve net promoter score loyalty indicator for Office and Graphic Communications customers.
### Summary performance

#### Customer support: helping our customers maintain the productivity of their equipment

**Direction**

To lead operational excellence in service solutions and build a flexible, knowledgeable and adaptable organisation. This will enable us to deliver a streamlined experience for our customers while being an innovative partner of choice for support across Fuji Xerox.

<table>
<thead>
<tr>
<th>10/11 objectives</th>
<th>How did we do?</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease customer maintenance hours per million prints to 19.3 (Office) and 15.7 (Graphic Communications).</td>
<td>▶ The Office hours per million prints target of 19.3 was achieved with an actual of 19.2.</td>
<td>Met</td>
</tr>
<tr>
<td></td>
<td>▶ The Graphic Communications hours per million prints target of 15.7 was not achieved with an actual of 18.5, slightly up from 18.3 the previous year.</td>
<td>In progress</td>
</tr>
<tr>
<td>Increase proportion of customer issues resolved without a site visit to 53%</td>
<td>▶ Productivity improvements have been masked by the shift of print volume from mono devices to the more support-intensive colour devices. Future reporting will look at hours per million prints for mono and colour separately.</td>
<td>Met</td>
</tr>
<tr>
<td>Review appropriateness of ‘maintenance hours per million prints’ target.</td>
<td>▶ The proportion of issues resolved without a site visit improved significantly, increasing from 52% to 56%, and exceeding the original target of 53%.</td>
<td>In progress</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11/12 objectives</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Decrease customer maintenance hours per million prints as per the following targets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office mono — 20.5 to 19.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office colour — 15.9 to 15.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graphic Communications mono — 13.0 to 12.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graphic Communications colour — 47.8 to 42.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Increase the proportion of customer issues resolved without a site visit to 57%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Conduct a life-cycle analysis study to quantify the impacts of on-site vs remote support and identify opportunities for improvement.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Implement recruitment and capability development strategies to ensure a highly skilled workforce.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

**Direction**

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

<table>
<thead>
<tr>
<th>10/11 objectives</th>
<th>How did we do?</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work with our parent company to simplify approval for new remanufacture programs.</td>
<td>▶ We have been working with our parent company as an ongoing activity.</td>
<td>Met</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>▶ A contractor was hired to review our end-of-life systems and prepare the company for impending regulations. This work is in progress and will continue in 11/12.</td>
<td>Met</td>
</tr>
<tr>
<td>Prepare for emerging e-waste regulatory requirements.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare for Eco Manufacturing Centre relocation to Green Star facility.</td>
<td>▶ Significant work has been undertaken to prepare for the relocation of the Eco Manufacturing Centre to a new Green Star-accredited location in September 2011.</td>
<td>Met</td>
</tr>
<tr>
<td>232,500 parts remanufactured and 50 new remanufacture programs.</td>
<td>▶ 197,550 parts were remanufactured and 32 new remanufacture programs were created.</td>
<td>In progress</td>
</tr>
<tr>
<td>$5.9m local benefit through costs saved.</td>
<td>▶ $5.5m benefit through costs saved.</td>
<td>Not met</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11/12 objectives</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Continue working with our parent company as part of continuous improvement.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Complete transition to interim local recycling solution.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Continue developing systems for recycling in Australia and to comply with forthcoming regulations.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Secure 5 Star Green Star accreditation for new Eco Manufacturing offices space and 4 Star Green Star accreditation for the warehouse.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 201,750 parts remanufactured and 40 new remanufacture programs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• $6.7m local benefit through costs saved.</td>
<td></td>
<td></td>
</tr>
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</table>
# Table of correspondence with Global Reporting Initiative 3.1 guidelines

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<td>Report parameters</td>
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<tr>
<td>3.2 Date of most recent report</td>
<td>10</td>
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<td>3.4 Contact point</td>
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<td>3.5 Process for defining report content</td>
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<td>3.6 Boundary of the report</td>
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<tr>
<td>3.7 Statement of specific limitations</td>
<td>10</td>
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<tr>
<td>3.8 Basis for reporting on joint ventures, subsidiaries etc</td>
<td>10</td>
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<tr>
<td>3.9 Data measurement techniques</td>
<td>31, 38, 48–49, 54, 55, 56, 60–61, 62–63, 66–67, 84–85</td>
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<tr>
<td>3.10 Re-statements</td>
<td>54–55, 56</td>
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<tr>
<td>3.11 Significant changes from previous reports</td>
<td>1–2, 8–9, 10</td>
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<td>3.12 Table identifying the location of standard disclosures</td>
<td>118–119</td>
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<td>Policy and current practice regarding external assurance</td>
<td>10</td>
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<td>4.1 Governance structure</td>
<td>27</td>
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<td>4.2 Indicate whether the Chair of the highest governance body is also an executive officer</td>
<td>27</td>
</tr>
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<td>4.3–4.7 Various</td>
<td></td>
</tr>
<tr>
<td>4.8 Statements of mission and values</td>
<td>16</td>
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<tr>
<td>4.9–4.10 Various</td>
<td></td>
</tr>
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<td>4.11 Reference to precautionary principle</td>
<td>48</td>
</tr>
<tr>
<td>4.12 Charters and principles to which we subscribe</td>
<td>40, 48, 60–63, 105</td>
</tr>
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<td>4.13 Memberships of associations/advocacy organisations</td>
<td>21, 105</td>
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<tr>
<td>4.14 Stakeholder groups</td>
<td>21</td>
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<td>4.15 Basis for identification of stakeholders</td>
<td>20</td>
</tr>
<tr>
<td>4.16 Approaches to stakeholder engagement</td>
<td>20–21</td>
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<td>4.17 Concerns raised through stakeholder engagement</td>
<td>20–21</td>
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Environmental Disclosure on management approach                              | 48   |
| EN2 Percentage of materials used that are recycled input materials (partial) | 100–105^*|
| EN3 Direct energy consumption                                              | 50–52 |
| EN4 Indirect energy consumption                                            | 50–52 |
| EN6 Initiatives to provide energy efficient products and energy reductions achieved | 74–77 |
| EN8 Total water usage                                                      | 56   |
| EN14 Managing impacts on biodiversity                                       | 73   |
| EN16 Greenhouse gas (GHG) emissions by weight                              | 51   |
| EN17 Indirect GHG emissions by weight                                      | 51   |
| EN18 Initiatives to reduce GHG emissions and reductions achieved            | 49   |
| EN22 Total weight of waste and disposal method                             | 54–55|
| EN24 Weight of transported waste deemed hazardous under Basel Convention (partial) | 104^*|
| EN26 Initiatives to mitigate environmental impacts                          | 48–57, 100–105|
| EN29 Significant environmental impacts of transporting products            | 60–67^*|

1 Full disclosure is provided unless otherwise stated.

2 These aspects of governance are controlled by our parent company, for more information please see our parent company’s report at bit.ly/nTu5gz

3 These aspects of governance are controlled by our parent company for more information please see our parent company’s report at bit.ly/nTu5gz

4 This is a material indicator for us; however, this is controlled by our parent company and our internal systems do not currently allow full disclosure.

5 The end of life products we export to Thailand require a Basel Permit, although these are not deemed hazardous waste.

6 Carbon emissions are the main environmental impact of transporting our products.
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<th><strong>Economic</strong></th>
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</tr>
</thead>
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<td>EC8 Community engagement investment</td>
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</tr>
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<thead>
<tr>
<th><strong>Social</strong></th>
</tr>
</thead>
</table>

<table>
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<tr>
<th><strong>Labour practices and decent work</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure on management approach</td>
</tr>
<tr>
<td>LA1 Total workforce</td>
</tr>
<tr>
<td>LA2 Total number and rate of employee turnover (partial)</td>
</tr>
<tr>
<td>LA3 Benefits provided to employees</td>
</tr>
<tr>
<td>LA7 Rates of lost time injury and number of work–related fatalities (partial)</td>
</tr>
<tr>
<td>LA8 Employee assistance programs</td>
</tr>
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<td>LA14 Remuneration by gender</td>
</tr>
<tr>
<td>LA15 Return to work and retention rates after parental leave</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Human rights</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure on management approach</td>
</tr>
<tr>
<td>HR4 Incidents of discrimination</td>
</tr>
<tr>
<td>HR5 Operations in which the right to exercise freedom of association is at risk (partial)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Society</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure on management approach</td>
</tr>
<tr>
<td>SO5 Public policy positions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Product responsibility</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure on management approach</td>
</tr>
<tr>
<td>PR1 Life cycle stages in which health and safety impacts of products and services are assessed (partial)</td>
</tr>
<tr>
<td>PR5 Practices related to customer satisfaction</td>
</tr>
</tbody>
</table>

7 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.
About Fuji Xerox Australia

Fuji Xerox Australia is a world leading enterprise for business and document management services. Through its broad portfolio of document technology, services, software and supplies, Fuji Xerox Australia provides essential back office support that clears the way for customers to focus on their core business. With awards from the United Nations and the Banksia Environmental Foundation, Fuji Xerox Australia is well recognised for its commitment to sustainability.

For more information, visit:

www.fujixerox.com.au

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