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.

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.

Our report structure: the sustainability value chain

Our report is structured around our sustainability value chain to help communicate how we manage sustainability challenges and opportunities from one end of the value chain (with our suppliers) to the other (with our customers). Inside our value chain we cover how we embed sustainability within our organisation, with our people, and how we reduce our environmental impact.

Our report structure:

the sustainability value chain

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
This sustainability report covers the Fuji Xerox Australia financial year ending 31 March 2012. The report complies with GRI 3.1 level B+ requirements and has been independently assured by Net Balance in accordance with the 2008 AA1000 assurance methodology.

Acknowledgements
Our sustainability team would like to thank all who participated in the production of this report — contributors, photographers, designers, editors and others who supported this project. This report would not have been possible without their assistance and input.

Photographic competition
A number of our talented employees’ photos are showcased in the report from our annual photographic competition. See supporting photo captions throughout the report for acknowledgements. We would like to especially recognise Suhendry Ui, Document Manager at Macquarie Park, whose winning entry ‘growth’ features on pages 21 and 114 of the report. Thank you to all who participated.

Print production
The original print run for our report was undertaken on a Fuji Xerox high volume digital colour press. The paper stock chosen was Colotech+™ uncoated 120gsm paper wrapped in a 250gsm cover, printed using matte dry ink.

Availability
Our sustainability report is also available on our sustainability microsite in PDF and e-reader format optimised for desktop and mobile devices. Social media integration makes it easy for you to share our report with others. View the online report at:

Feedback
We invite our readers to share comments, suggestions and thoughts on this report by participating in a brief online survey at:
Amanda Keogh, Head of Sustainability, Asia Pacific and Australia, welcomes any further comments on our activities by email:
  Amanda.Keogh@aus.fujixerox.com

About the cover
The image for our cover was photographed at the epicenter™, located in Australian Technology Park, Sydney. The epicenter was established as a centre for innovation for the graphic communications industry. A highly specialised team is on hand to demonstrate, test and customise end-to-end solutions to help create new business opportunities. With a strong focus on the future, the research and development initiatives at the epicenter are designed to uncover new applications for emerging markets, supporting sustainable growth for the industry. To learn more, visit:
  bit.ly/QAItMA
Foreword

What is in this section?
- Message from Nick Kugenthiran, our managing director
- About our report
- Communicating sustainability
- Embedding sustainability
- Sustainability timeline of achievements

Image: ‘Rope’ by Vanessa Talty, Change Manager, epicenter™, NSW.
Foreword

Message from Nick Kugenthiran, our managing director

I am proud of the progress we have made in the past year and I am delighted with the way in which the talented people at Fuji Xerox Australia have embraced our desire to transform this great organisation.

Of course, macro forces influence all of us. In 11/12 our business faced challenges stemming from global economic uncertainty as well as the impact on our supply chain from natural disasters in Japan and Thailand. We also experienced a shift in customer needs as they sought to manage and control costs, streamline business processes and make information accessible to an increasingly mobile workforce.

Thanks to determined focus and good management, we delivered 6 percent year-on-year revenue growth, made measured progress across the business in many strategic projects and continued to build our company into a leading enterprise for business process and document management.

Key successes included:

• Maintaining market leadership in technology and managed print services market (including growth in our Upstream Print Solutions subsidiary);
• Signing our largest ever contract for Global Services;
• Opening our new Eco Manufacturing Centre to support our ongoing commitment to the environment; and
• Continuing our journey towards organisational alignment under our oneFXA philosophy including changes to our marketing organisation and reward strategies.

We are building on these determined efforts and our driving ambition is liberating people to work smarter (so they can focus on what really matters). We call this our Noble Purpose, and it is guiding our strategic direction for customers, employees, suppliers and other key stakeholders.

To achieve our ambitions for the transformed Fuji Xerox Australia, we have chosen to focus on six key strategies:

Customer experience

The initial change program will revolutionise our customer experience philosophy. We believe we do a great job with our customers, but recognise we could do so much more. We are engaging external experts to help create an outstanding experience for our customers, and we believe this work will transform the way we work with our clients.

This transformation will require us to think differently, and I am keen that we embrace new ways of working. For example, we are implementing ‘design thinking’ approaches to our strategy work, which requires us to immerse ourselves in the user experience. Using this immersive approach, we are able to gather great insight. However, the key to design thinking is a heightened ability to be innovative and rapidly prototype solutions in a way that allows us to refine the solution.

Customer-centred solutions

In placing customers at our core, I expect we will make a great success of our second strategic platform: developing customer-centred solutions. Understanding our customers’ needs and gaining insights will allow us to develop new capability that confirms our market leadership and enables us to offer our services and solutions to more customers and new markets.

Business agility, aligned support and systems agility

Our customer-centric projects will be enhanced by an aligned operational support function (which is critical to a great customer experience); and making strategic investments in new systems that will give us the ability to make fast and informed decisions. Within this strategic element we will deploy two critical information services investments: a new enterprise resource system and a new customer relationship management platform, which are both due for deployment in 12/13.

Organisation design

Great people underpin our success, but we must support this talent with appropriate structure, considered development programs and a supportive infrastructure. As a result, our sixth strategic element relates to organisation alignment, to match our capabilities to our ambitions.

The successful implementation of these strategies over the next few years will, I’m sure, provide us with ongoing success while at the same time building the foundations for a vibrant future.

Of course, our commitment to environmental sustainability burns as brightly as ever, highlighted by the relocation of our UN award-winning Eco Manufacturing operation to a refurbished heritage building that we have registered for Green Star certification. We are aiming for 5 Star Green Star — Office Interior (v1.1) and 4 Star Green Star — Industrial Design (v1) rating.

The work of our carbon committee has led to some significant energy efficiency initiatives across our offices, even though their impact is only beginning to positively affect our emissions levels. Carbon remained steady at 10/11 levels, which is an acceptable performance given we grew our business and brought in a new temporary location in Darwin.
Waste to landfill increased due to a number of site relocations, which generated unexpected waste volumes. We learned valuable lessons from these relocations, and expect to better manage waste as a result.

In recent years we have placed more emphasis on social sustainability. I believe our organisation should reflect the community in which it operates. This is not just a question of social equity; by embracing diversity our organisation can access different talent pools and benefit from the different ways of thinking and problem solving this brings. This will in turn foster innovation, which thrives on diversity.

We have made great progress on our diversity journey, with the establishment of a cross-divisional inclusivity steering committee and the opening of a leadership dialogue on what diversity means to our organisation.

There are a range of elements to social sustainability, and diversity is but one of those. For example, we have seen a significant improvement in safety management as we continue to build a culture mindful of employee wellbeing.

Employee engagement results have improved by 4 percent, indicating we are well placed with our plan to become an employer of choice.

Participating in community volunteering programs continues to be a popular activity for our people, especially the mentoring and coaching programs with the Australian and Business Community Network. These programs do great work in support of schools in areas of high need, and serve to broaden horizons for students and support educators.

A big thank you to our people, customers, suppliers and other partners for your commitment, efforts, support and loyalty in 11/12. I look forward to continuing our work together in support of our valued customers and building a sustainable Fuji Xerox Australia for the next generation of customers and employees.

Nick Kugenthiran
Managing Director
About our report

This is our eighth sustainability report, with our first produced in 2005. Our sustainability report is published annually in September and is based on the Japanese financial year ending 31 March. In some material cases information is provided on events that took place after the close of the financial year.

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. The assurance statement provided by Net Balance can be found in the appendices.

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.

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 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 employees of 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.
- The company has no joint ventures. Twenty of our 21 locations are leased, our national warehouse is owned by us and all 21 locations are within the scope of this report.
- Upstream Print Solutions (Upstream) was acquired by Fuji Xerox Australia in 10/11 and is managed as a wholly owned subsidiary with its own six locations. Upstream has an addendum to this report and is excluded from the main body of our report, unless otherwise stated.
- 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 responsibly, which we have begun to address by applying environmental management and measurement practices to the appropriate operational frameworks.

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; 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 Fuji Xerox operating companies.

Communicating sustainability

As a signatory to the UN Global Compact Fuji Xerox is committed to demonstrating leadership in all 10 basic CSR principles — which cover human rights, labour, environment and anti-corruption practices. Locally, Fuji Xerox Australia has a proud record of commitment to sustainable business practices across a broad front of environmental and social issues.

Implementation of our own environmental policy along with the provision of advice to our customers on how to reduce their environmental impact reflects our commitment to influencing effective sustainability outcomes. In 2009, our parent company set an ambitious 2020 greenhouse gas emissions reduction target (30 percent reduction from fiscal 2005 to 2020 over the entire lifecycle of Fuji Xerox products). We are targeting a reduction in our customers’ annual carbon emissions by 7 million tonnes per annum by 2020.

Increasingly, how we communicate sustainability with our customers is guided by the intention to help them become more sustainable through the services, products and solutions we provide. That means at a very basic level we communicate the environmental benefits and features of our award winning ▼▼ The Paper Facts website.
Embedding sustainability

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

Inclusivity
We identify stakeholder groups. We develop engagement mechanisms (see engagement mechanisms diagram). 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. Risk management and materiality processes inform each other to increase effectiveness and add value to decision making and strategic planning for the company (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.

Our sustainability report is assured to AccountAbility 1000 (AA1000) standards. This means our auditor tests how well we have applied these three principles across our business.

Engaging employees and generating behaviour change is one common request. This development addresses the advanced sustainability needs of part of our customer base. These customers have high expectations of their relationship with Fuji Xerox Australia, a recognised sustainability leader. Their requests are driving innovation in our services and solutions, which will inform the next generation of our offerings, so that all markets can benefit.

Embedding sustainability

Our managing director is committed to building a sustainable Fuji Xerox Australia and has ultimate responsibility for our sustainability performance. 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 employees, loyal customers and how well we respond to their concerns across the social, environmental and economic aspects of sustainability.

Like many organisations, embedding sustainability in how we plan, manage and measure our business remains a key challenge. With sustainability no longer an explicit part of our strategy it is critically important that we work to integrate voice of stakeholder in what we call the strategic rhythm of the business. To that end we will develop a stakeholder materiality matrix in 12/13. This will involve refining our stakeholder commitments and the material issues that concern those stakeholders into a business planning tool. This stakeholder materiality matrix will form part of our planning process in 12/13 and ensure that the management and reporting of sustainability issues becomes more embedded across all divisions.
Foreword

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. 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.

Supplier relations
How we engage our suppliers on sustainability is dealt with in the supply chain section of this report. While our strategic relationships with paper and logistics suppliers are well managed by the appropriate business owners, we lack a consistent and clearly defined approach to procurement across the organisation. This is due to delays in filling the role of national procurement manager with other business priorities, such as improving risk management, taking precedence. In 12/13 we plan to appoint a national procurement manager and the role will take responsibility for engaging suppliers towards a mutually beneficial relationship and improved sustainability outcomes.

Dealer relations
Our dealer sustainability program is mandatory for all authorised Fuji Xerox Australia dealerships to participate. It is now in its fifth year and there are annual performance reviews against the three level program established to guide and gauge the maturity of our dealers sustainability management and outcomes; and how they support their customers sustainability objectives. The program encourages networking between the dealerships to share their challenges and ideas to improve performance, as much as collaboration with Fuji Xerox Australia. Annually we present a number of awards to recognise outstanding performance by our dealerships and dealer sustainability champions.

Government relations
Fuji Xerox Australia’s approach to government relations has been to focus on the policy developments that directly impact our business. This has led to us playing a significant role in the development of electronic waste regulation, such that what we consider business as usual in end-of-life product stewardship may become common practice across our industry. We also work through the Australian Information Industry Association (AIIA) on other relevant policy matters, such as the development of minimum energy performance standards and the adoption of ICT sustainability standards in government procurement policy.

Without doubt, the main focus of Fuji Xerox Australia’s work with government has been to advance extended producer responsibilities across the IT sector. The work we have been doing in conjunction with the AIIA culminated with the enacting of the federal government Product Stewardship Act 2011, with associated regulations governing the National Television and Computer Recycling Scheme.

In relation to broader and more complex sustainability issues such as the introduction of a carbon price in Australia, we have tended not to take a political position that would influence contentious policy developments. Instead our efforts are focused on managing carbon emissions at every stage of the value chain, including usage at our customers’ sites.

With the need for corporate sustainability leadership becoming more pronounced, Fuji Xerox Australia is giving increased consideration to the role that we can now play in broader public debates on sustainability, including influencing government policy. We will take opportunities to align with independent non-government organisations that promote views consistent with our own in promoting more sustainable practices through government and public forums. Conscious of our growing business and community footprint, where the development of public policy in relation to our material sustainability issues would benefit from our involvement, we will consider how we can best influence debate, whether it be related to social policy, innovation or diversity matters.

Regional relations
With our head of sustainability in Australia now leading sustainability for all Fuji Xerox operating companies in Asia Pacific, our role in regional sustainability developments has become greater. Fuji Xerox Australia can both influence and be impacted by this development. Our sustainability management and marketing models are being modified for regional use, while our policies and strategies are increasingly informed by regional developments. The development of a regional paper procurement committee to resolve supplier issues around sustainability risks is just one example of this.

“There is no doubt that our participation in this program has been of enormous benefit to us. Sustainability is now one of our core values and is well embedded in the company. We do not do it just because it is the right thing to do. We do it because it has proven to be very good for business. Not only have we reduced our waste handling costs by over 20 percent, and our building energy costs by 14 percent across the board during 2011, it is helping us sell machines. Consideration of the environment is increasingly at the forefront of customers’ minds. Our first formal sustainability report is in demand from our account managers and is proving a valuable tool in the sales process to quickly and comprehensively establish our environmental credentials.”

Keirran Downham, Fuji Xerox Business Centre Tasmania, Dealer Principal.
## Engagement mechanisms

<table>
<thead>
<tr>
<th>Inform</th>
<th>Consult</th>
<th>Involve</th>
<th>Collaborate</th>
<th>Empower</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Parent company</strong>&lt;br&gt;</td>
<td>Sustainability reporting&lt;br&gt; Biannual environmental reporting&lt;br&gt;</td>
<td>Annual CSR survey&lt;br&gt;</td>
<td>Regional CSR committee&lt;br&gt;</td>
<td>Regional CSR workshops&lt;br&gt;</td>
</tr>
<tr>
<td><strong>Employees</strong>&lt;br&gt;</td>
<td>Corporate communications&lt;br&gt; Sustainability reporting and e-newsletter&lt;br&gt; Environmental training&lt;br&gt; Induction process&lt;br&gt; Health and safety resources and training&lt;br&gt;</td>
<td>Employee engagement survey&lt;br&gt; Health and safety committees&lt;br&gt;</td>
<td>Employee engagement focus groups&lt;br&gt;</td>
<td>Employee engagement working group&lt;br&gt; Environmental coordinators annual workshop&lt;br&gt; Community champion workshops&lt;br&gt;</td>
</tr>
<tr>
<td><strong>Customers</strong>&lt;br&gt;</td>
<td>Sustainability reporting and e-newsletters&lt;br&gt; Environmental brochures&lt;br&gt; Web developments&lt;br&gt;</td>
<td>Customer surveys&lt;br&gt; Sustainability presentations&lt;br&gt; Win/loss review&lt;br&gt;</td>
<td>Social media (live chat)&lt;br&gt; Customer round tables&lt;br&gt;</td>
<td></td>
</tr>
<tr>
<td><strong>Dealers</strong>&lt;br&gt;</td>
<td>Sustainability reporting&lt;br&gt; Dealer sustainability program&lt;br&gt;</td>
<td>Dealer satisfaction survey&lt;br&gt;</td>
<td>Dealer conference&lt;br&gt; Dealer sustainability webinars&lt;br&gt;</td>
<td>Dealer sustainability workshop&lt;br&gt;</td>
</tr>
<tr>
<td><strong>Suppliers</strong>&lt;br&gt;</td>
<td>Sustainability reporting and e-newsletter&lt;br&gt; Sustainability code for suppliers&lt;br&gt;</td>
<td></td>
<td>Strategic procurement events&lt;br&gt;</td>
<td></td>
</tr>
<tr>
<td><strong>Industry</strong>&lt;br&gt;</td>
<td>Sustainability reporting&lt;br&gt;</td>
<td></td>
<td></td>
<td>Industry/government e-waste regulation working groups&lt;br&gt;</td>
</tr>
<tr>
<td><strong>Government</strong>&lt;br&gt;</td>
<td>Sustainability reporting&lt;br&gt; Equal Opportunity for Women reporting&lt;br&gt; Policy feedback&lt;br&gt;</td>
<td></td>
<td></td>
<td>Industry/government e-waste regulation working groups&lt;br&gt;</td>
</tr>
<tr>
<td><strong>Community orgs</strong>&lt;br&gt;</td>
<td>Sustainability reporting&lt;br&gt; United Way and ABCN channels&lt;br&gt;</td>
<td></td>
<td>Community champion workshops&lt;br&gt; United Way and ABCN partnerships&lt;br&gt;</td>
<td></td>
</tr>
<tr>
<td><strong>Environ. orgs</strong>&lt;br&gt;</td>
<td>Sustainability reporting&lt;br&gt;</td>
<td></td>
<td></td>
<td>Policy development&lt;br&gt;</td>
</tr>
</tbody>
</table>
Materiality process

Knowing that stakeholder inclusivity is a work in progress, in 11/12 we modified our materiality process to place more emphasis on external interviews and the analysis of external information, relevant to our sustainability journey. We also asked our newly formed sustainability advisory board to provide comment on our draft material issues register and to help us prioritise those issues. This is the first time stakeholders outside our organisation have played a formal role in that exercise.

This board is made up of representatives from peer companies, customers, suppliers, the investment community, universities and environmental non-government organisations. The board

Fuji Xerox Australia’s materiality approach was informed by the AA1000 and GRI principles on report quality.

1. Content analysis conducted

Used social research software to analyse stakeholder inputs. A qualitative methodology was to ensure the context of and relationship between sustainability issues is captured.

2. Draft issues identified

Produced a material issues register based on:
• Frequency with which an issue was referenced by the various stakeholder sources.
• Spread of interest in any given issue across the stakeholder sources.
• Classification of each issue as either material, of high stakeholder interest, of high interest to Fuji Xerox Australia or none of these.

3. Issues sense checked and revised

Conducted a formal sense-check of the draft results to:
• Test and challenge the results.
• Ensure issues make sense in the context of the organisation.
• Enable relevant/appropriate labelling of issues.

4. Issues prioritised, mapped and validated

Worked with our sustainability advisory board to use their expert insights to:
• Review, challenge and validate the results.
• Ensure issues make sense in the context of the organisation.
• Participate in the voting process to support material issues assessment.
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. Our managing director takes an active role in the board and is keen to ensure the representation of the board and its discussions deliver pragmatic value to the business.

Our first two board meetings were conducted in 11/12 providing the opportunity to brief our board members on our organisation, our strategy and sustainability journey. The third meeting took place after the end of the year under review and was focused on the materiality process for the production of this report. Some very useful insights were shared about how we can align our emerging risk management approach with materiality.

Feedback was that the risk management and materiality review processes should seek to inform each other to increase the effectiveness of both processes, and add value in decision-making and planning for the company. We will look to align the roadmap for the materiality and risk processes to match the strategic rhythm of the business so that voice of stakeholders can add greater value to the planning and review process in 12/13.

### Materiality matrix

- **Leading and educating on the sustainability of paper sourcing**
- **Advocating end-of-life product stewardship and producer responsibility**
- **Managing waste, re-use and recycling**
- **Communicating effectively on sustainability**
- **Reducing our carbon footprint through managing the sustainability of our logistics and transport suppliers**
- **Reducing carbon emissions**
- **Improving supplier engagement**
- **Reducing our carbon footprint through managing the sustainability of our logistics and transport suppliers**
- **Working with and influencing government to drive the sustainability agenda**
- **Enabling customers in becoming more sustainable**
- **Responding to digitisation and creating integrated data solutions**
- **Transforming our business model**
- **Ensuring short-term profitability and achieving long-term sustainable growth**
- **Supporting employee development**
- **Attracting and retaining talent**
- **Building oneFXA**
- **Promoting vision, mission and values**
- **Exceeding customer expectations around product and service experience and satisfaction**
- **Enabling a safety culture (including improving performance monitoring)**
- **Contributing to positive community and social outcomes (including through products and services)**
- **Achieving a more sustainable supply chain**
- **Innovating and growing in emerging markets**
- **Strengthening diversity within the organisation**
- **Engaging with communities and NGOs**
- **Maintaining competitiveness despite industry commoditisation**
- **Focusing on and marketing employee engagement (volunteering) related to community**
- **Engaging employees**
- **Rewarding and recognising employees**
- **Investing in and building more agile processes and systems**
- **Embedding sustainability**
- **Getting advice from the Sustainability Advisory Board**
- **Procuring strategically**
- **Becoming customer centric and responding to changing needs**
- **High impact on stakeholders**
- **Level of stakeholder interest**
- **Importance to Fuji Xerox Australia**
Our organisation

What is in this section?
Corporate profile
oneFXA
Business performance
Parentage
Governance
Quality management
Risk management
Project Shakespeare

Image: Fuji Xerox Australia Eco Manufacturing Centre, Rosehill, NSW.
Our organisation

Corporate profile
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.

Vision
Our vision is to be the company that transforms documents to knowledge to help our clients improve productivity and effectiveness of documents, communication and business processes.

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

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 Banksia Environmental Foundation, and in 11/12 winning the Forest Stewardship Council (FSC) Responsible Procurement Award. We are also very focused on helping our customers reduce the environmental burden of document processes and to achieve their targets in energy management and print efficiency.

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

To learn more about our organisation, watch our corporate video at:
bit.ly/QhkqzX

Fuji Xerox Australia core values.

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).
Business Process Services (BPS): finance and administrative.

Supported by

Supply Chain Operations
Human Resources
Customer Support Organisation (including Eco Manufacturing Centre)

Corporate Affairs
Business Services
Information Services
Our organisation

Interesting facts 11/12

23.5M

23.5 million images scanned, enriched and linked to business processes in central processing areas.

13.7B

13.7 billion copies printed on Fuji Xerox devices.

162M

162 million cheques processed and 1 million invoices scanned and processed in accounts payable services.

12M

12 million reams of paper sold, of which 60% was FSC, PEFC certified or made from recycled pulp.

36K

36,500 devices managed under Managed Print Services.*

400

400 service engineers around the country.

*25,000 of which are managed by Upstream Print Solutions.

oneFXA

Over the last couple of years the leadership team within Fuji Xerox Australia took steps to align the whole organisation to a single vision and purpose under the banner of oneFXA. oneFXA is about each individual, manager, leader or team thinking, feeling and acting in the best interest of the customer, internally or externally, in order to achieve our joint strategic goals.

In 11/12 we conducted a series of workshops involving senior managers and sole contributors to assess how well we were working together as an organisation and achieving the cohesion of oneFXA. The workshops identified that whilst there is good progress in changing behaviours there were still some barriers to overcome including aligning sales and incentives, aligning systems and enabling a better working relationship between head office and state branches.

In 11/12 we undertook several initiatives to address the remaining barriers including:

- A single strategic planning approach to align the organisation behind six key strategies to enable the transformation of the business to a customer-centric services organisation. The first priority is to address customer experience, a project that will align the organisation behind customer service as opposed to functional reporting lines.

- The creation of a single marketing organisation aligned to a common marketing strategy and go to market approach.

- The release and communication of the ideal future state processes to support a leading services organisation (Project Shakespeare). The resulting best practice approach will enable the organisation to provide better support alignment to all employees rather than relying on personal relationships to get the job done.

Much work is still needed in resourcing the key strategic projects and the changes in processes and systems but the result will be a more aligned and streamlined organisation providing the best possible experience to our customers rather than relying on a single project (oneFXA) to achieve that alignment.

*‘Growth’ by Suhendry Ui, Document Manager, Macquarie Park, NSW.
Message from Phil Barter, Executive General Manager, Business Services

The year ending 31 March 2012 continued to see evidence of the ‘two speed’ Australian economy and the continuing global uncertainty driven by the European debt crisis. While the strength of the resource sector boosted transport, wholesale activity as well as some services, most of the balance of the economy including manufacturing, financial services and retail struggled under the cloud of the weak global economy and high dollar.

Against this economic backdrop, Fuji Xerox Australia set about achieving 16.8 percent revenue growth for the 11/12 year through investment in the existing business and a full year of the Upstream acquisition. The Fuji Xerox Group* in Australia experienced 5.8 percent revenue growth against the prior year, with total revenue of $974 million. The result can be described as solid in a challenging market place, further profiled by the prevailing uncertain economic conditions highlighted above, production disruptions in the first half of 11/12 caused by the Japanese earthquake and the continued struggles of the graphic communications market. While not achieving the expected year-on-year growth, we have maintained our market leadership position in our key market segments.

Similar to 10/11 the weakness in the economy, beyond a handful of sectors, was apparent, with the continued trend of customers having difficulty 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.

The current market conditions are characterised by a saturated market and industry commoditisation of traditional technology, along with the more recent consolidation of the commercial printer industry. To address these challenges we continued to optimise and innovate our existing business, ensuring we integrate data, documents and business processes to deliver knowledge to our customers, while staying focused on transforming our business into the future. On this journey we will continue to monitor and adapt, as necessary, to the shifting market and economic conditions both locally and globally, to ensure we achieve our longer term objectives.

In the year under review, revenue from equipment sales increased by 2.2 percent. While our office revenue saw positive growth, our production revenue showed negative growth year-on-year, but we maintained our market share in a falling market. There were many factors at play in the graphic communication market including:

- New technologies such as inkjet slowed the industry’s decision-making processes as they evaluated the emerging platforms.
- Decline in business confidence meant many business owners were unwilling to invest.
- Constraints for customers accessing funding due to the current economic environment.

* See Parentage section for makeup of the Fuji Xerox Group.
Our organisation

To mitigate these risks and to differentiate ourselves in the market place, we have refined our go to market strategies, with much stronger focus on short term support of customers’ buying requirements. This combined with a number of new technology solutions being launched and supporting business development activities, means we are confident of arresting the short term decline in sales.

However, Fuji Xerox Australia remains alert to the structural transformation in the commercial printing industry and will take appropriate actions to ensure it is not adversely affected should the 11/12 business results prove to be reflective of a broader decline in the industry.

Annuity revenues are largely derived from equipment support services agreements, and are fundamental to our long term business sustainability. The continued strong growth of 7.6 percent is due to:

- An increase in the units of equipment in field.
- The continuing trend to colour which is reflected in a 10 percent year-on-year increase in colour prints.
- The number of impressions produced on that equipment, which at 13.7 billion prints for the year represented a slight increase over the prior year.
- The result containing a full year of Upstream in 11/12 compared to 9 months the prior year.

Global Services experienced a modest contraction in its rate of growth with revenue down 1.7 percent on the 10/11 year. 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 revenue we planned for the year, Global Services created a significant sales pipeline while also signing a number of major deals during 11/12.

In a very competitive market the Supplies Division achieved a 2.5 percent growth in revenue, while maintaining a healthy margin in a highly commoditised market. The Supplies division continued to consolidate its position in the market with new management and a re-engineered sales coverage model.

On 3 May 2011 Upstream Print Solutions Pty Ltd, a Fuji Xerox Australia Pty Limited subsidiary, acquired the business operations of local managed print services provider, Cornerstone TSS Pty Ltd. Operations have been fully integrated into the Upstream business. The acquisition strengthens Fuji Xerox Australia’s leadership position in small to medium-sized business managed print services.

The group increased its total asset position by 6 percent to close to $1.5 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 current economic uncertainty.

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).
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 as part of our medium range planning process. 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 effected through the office of the managing director supported by the executive leadership team (ELT) made up of executive general managers from 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 which is cascaded from our Fuji Xerox Australia strategic plan, supporting the sharing of the company’s vision, mission, values and sustainability objectives.

Currently in development is a senior leadership capability framework which articulates the attributes and behaviours required at senior levels within Fuji Xerox Australia to ensure successful delivery of our strategy. It builds on the oneFXA capability framework launched in August 2011. The development of the framework was a collaborative process involving the ELT, the management community and a cross section of managers from across the business. There is further work being undertaken to identify development opportunities to assist leaders in bridging capability gaps.

Supporting our value of ethics and integrity, Fuji Xerox Australia has a business ethics policy and a policy statement, both reviewed in 2011, which talk to our expectation of all employees to meet high standards of ethics, integrity and behaviour. All employees, from our ELT to our front line employees, are required to read and sign the policy statement acknowledging their understanding and commitment to our policy. Our code of conduct is produced by our parent company and we are currently reviewing communication mechanisms to assist us in engaging our employees in Australia in the code in 12/13.

Fuji Xerox Australia parentage and governance.
We recognise the value of feedback and ideas from our employees to support us in achieving our company objectives and to ensure we are living our values, as much as that from our shareholders (our parent via APO) and other stakeholders. Our primary process for capturing employee feedback to share with our ELT, the highest governing body at a local level for Fuji Xerox Australia, is our employee engagement survey. Survey results are reviewed and discussed by the ELT and subsequent face-to-face workshops with employees are held to workshop any major issues raised. We also have in place an inclusivity steering committee, Health and safety committees, community and environmental champions as channels for gathering feedback and recommendations from our employees on social and environmental matters. Any significant ideas and feedback received via these channels is also shared with the ELT, for review and consideration. As our ELT is made up of representatives from across the diverse operating units of Fuji Xerox Australia, they also represent the voice of our employees in executive board discussions and business planning.

Quality management

As committed to in last year’s report, this year we have focused on reinvigorating several aspects of our overall ISO 9001 certified quality system. How quality links customer satisfaction, continuous improvement and the company’s risk management strategy is a focus for further development in 12/13.

Major initiatives undertaken in 11/12 to improve our quality management system:

- Conducted a comprehensive and thorough internal auditing program across all certified sites.
- Strengthened the capability of the quality team through training, and conducted a series of sessions on quality management to inform the business. Implemented a system for management and reporting of actions determined during the course of internal audits resulting in improved priority and attention to their timely closure and understanding of root cause analysis.
- Identified gaps existing in the maturity of our quality management system cross divisionally and provided feedback to the leadership team.
- Re-engaged our certification body to understand and leverage their value proposition as a key supplier.
- Continued business process review activities to assist divisions with having clear, concise and published policies and procedures.

‘Continuous improvement’ by Sunny Peng, Account Payable Assistant, Macquarie Park, NSW.
Our organisation

Initiatives for 12/13:

- Grow engagement of the management community to embed and continuously improve our quality management system through awareness and educational opportunities.
- Ensure the synergies between the quality management system and the continuous improvement and risk frameworks and methodologies adopted are understood, communicated and leveraged.
- Build on our policy and procedure review activities to assist the business with best practice in process review.
- Work to close identified gaps in the quality management system in procurement, customer satisfaction and management review.
- Establish relationships with some of our key suppliers and strengthen those already established to align our quality systems.

Risk management

As detailed in our last sustainability report, we have identified the need to formalise an improved risk management culture in the business. We are striving for an effective framework that is intimately linked to our business strategy, the rhythm of the business operations, the behaviours of individuals and ultimately our performance.

A dedicated risk management committee was established late in 11/12 and with the assistance of Ernst and Young expertise we are building a new risk management framework, including recommendations for specific structural roles and responsibilities. This work is informed by the significant recent progress made in defining a strategic roadmap for the business, Project Shakespeare enterprise architecture mapping and the establishment of a robust enterprise-wide project management office.

We continue to work on improving our governance structures and while recognising there is much work to do in this area, we have begun to map out project timetables that will include significant work across a number of topics:

- The creation and implementation of an improved deal governance structure across the sales process.
- Improvement of the process used to create business cases, including robust commercials.
- Creation of a post implementation review process to ensure expected return on investment, and to mitigate where necessary if expected goals are not reached.

Ultimately our risk management and overall sustainability materiality review process should seek to inform each other to deliver better decision-making and planning for the company. While 18 enterprise risks have already been identified, prioritised and allocated to the executive team for ownership and attention, we see the annual materiality review process as an opportunity to amplify the range of potential issues for consideration in an overall risk register.

Project Shakespeare

Fuji Xerox Australia continues to focus on delivering to our customer expectations, which has consistently directed growth in holistic solutions requiring combinations of offerings of products and services from across our broader business.

Project Shakespeare was initiated to define our business model through process, applications and technology to support our future business needs. This is aimed at providing a flexible platform which will enable us to meet dynamic market needs in an efficient and productive way. While the journey will be challenging, it will improve the quality of our information, transparency across our business and enhance our ability to operate as oneFXA across the enterprise.

The project has also instituted a governance framework to ensure that future changes to our business model are incorporated into our people, process and technology as appropriate in a planned and aligned manner.

The Shakespeare project consists of three Acts. Act 1 was the opportunity to define our business processes at four levels of detail. The processes cover the span of our business, from planning and managing the business through to sales, fulfilment and support, billing and reporting. Our team defined almost 2,500 process activities and challenged how our business should evolve, both to improve our customer’s experience in dealing with Fuji Xerox as one integrated organisation and to build efficiency and effectiveness into our support functions to enable scalability and value to the business. This was underpinned by the development of our enterprise architecture, integrating business process, information, applications and technology.

Act 2 is currently underway, and will align our new system investment plans with regional Fuji Xerox initiatives, while positioning Australian best practise to contribute to the broader region as needed.

Finally, Act 3 — due to start in the second half of 12/13 — will deploy our new systems, starting with customer relationship management and the first phases of a complete enterprise resource rollout.
Our people

What is in this section?
Employee engagement
Building capability
Incidences of discrimination/corruption
Diversity
Our employees
Remuneration
Health and safety
Community engagement

Image: Fuji Xerox Australia employees at our epicenter™, NSW.
Our people

Employee engagement

Direction
We aim to ensure that Fuji Xerox Australia has the people, culture and capability required to deliver our vision, mission and business objectives for 2015. This means that we are working on optimising the business model at the same time as we transform for the future.

11/12 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target improvement in overall engagement to 62%.</td>
</tr>
</tbody>
</table>

Focus groups will be conducted primarily by managers and with action plans prepared to address issues that arise. | Ongoing. |

12/13 objectives

- Target improvement in overall engagement to 65%.
- Develop objectives and key milestones for diversity and inclusivity steering committee.
- Continue our focus on improving management capability through formal and informal interventions.
- Refine and update employee value proposition to align internal and external brands.
- Implement recruitment transformation objectives.
- Review and improve the on-boarding process for new hires and internal appointments.

It has been an exciting and challenging year for the business and our people. There have been a number of critical business activities that have required focus and attention at the same time as our people based initiatives gathered momentum.

A key achievement for 2012 was the improvement in our overall engagement score that showed 61 percent of our people as fully engaged. This was an increase of 4 percent on the previous year and especially pleasing to see is the impact of the divisional and business unit activity on the results, a key area of focus in the past twelve months.

The outcomes from this year’s survey indicate we are well placed on our journey to becoming an employer of choice. However with engagement scores in two divisions declining we still need to ensure the consistency of the experience of all our employees across all our divisions.

The launch of our Pinnacle Club (a non-sales recognition program) in 11/12 was extremely well received by all our employees with 25 recipients selected through an employee nomination and subsequent management panel assessment process to receive the award in its first year. This is a significant investment in our people, establishing an additional channel to recognise many non-sales employees who have made a valuable and sustained contribution to the organisation.

Engagement levels

In conjunction with Aon Hewitt we conducted our fifth employee engagement survey in February 2012. While the gap between our engagement result of 61 percent (a 4 percent year-on-year improvement) and Aon Hewitt Best Employers 2011 at 74 percent has decreased, the shift in the percentage of employees in the disengaged and not engaged grouping to the nearly engaged and engaged grouping is the real testimony of the activities undertaken as a result of the previous survey.
## Engagement drivers

In this year’s survey the key improve drivers (areas where actions will have the biggest impact on improving employee engagement) and sustain drivers (areas where any decrease in focus will most erode employee engagement) were identified as set out below.

Valuing people is a new improve driver and safety a new sustain driver, with performance management dropping out of the improve driver list, and company reputation out of the sustain list.

Analysis of the results show that while our senior managers continue to be highly engaged, the group of managers and team leaders reporting into that group are not as engaged and this will be a focus area of our engagement activity in the coming year.

The challenges of engaging and communicating with employees based at client sites are also being addressed. A technology solution has been developed and is being deployed that will give these employees easy access to our intranet and the resources that are available to other employees. To ensure these employees have opportunities to further develop skills to support them in their roles, traineeships through TAFE have been developed. Enrolments are picking up as more employees see the opportunity and benefits available.

### Improve engagement drivers

<table>
<thead>
<tr>
<th>Drivers</th>
<th>09/10*</th>
<th>10/11*</th>
<th>11/12*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brand alignment:</strong> we deliver on the promises we make to our employees.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The question of brand promise relates to how well we live up to the promises we make to our people during their employment experience with our business.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11/12 response: roll out of Respect program to all existing and new employees, ongoing dialogue about our values, implementation of contact officers and inclusivity steering committee.</td>
<td>37%</td>
<td>42%</td>
<td>46%</td>
</tr>
<tr>
<td><strong>Career opportunity:</strong> a favourable set of circumstances exist for our employees’ future with us.</td>
<td></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></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11/12 response: continued internal job advertisements, lunch and learn sessions held for managers and employees on individual development plan preparation, launch of capability framework to all.</td>
<td>41%</td>
<td>43%</td>
<td>47%</td>
</tr>
<tr>
<td><strong>Change management:</strong> major organisational change programs are well managed and help to deliver better performance.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This issue relates to our ability to implement organisational change initiatives in a positive manner.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11/12 response: establishment of Project Management Office and implementation of controlled approach to all major projects including standard tools and methodology, steering committees for major projects e.g. Technology Steering Committee to enhance implementation and communications.</td>
<td>32%</td>
<td>35%</td>
<td>36%</td>
</tr>
<tr>
<td><strong>Performance management:</strong> the formal performance management process provides valuable feedback and guidance to improve performance.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This issue relates to the way our people feel they are valued and their opinion and contributions matter.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11/12 response: implementation of Pinnacle Club 2012 for non sales employees, ongoing recognition programs including local and state awards.</td>
<td>53%</td>
<td>54%</td>
<td>59%</td>
</tr>
</tbody>
</table>

### Sustain engagement drivers

<table>
<thead>
<tr>
<th>Drivers</th>
<th>09/10*</th>
<th>10/11*</th>
<th>11/12*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sense of accomplishment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This relates to the satisfaction employees derive from their work.</td>
<td>66%</td>
<td>65%</td>
<td>70%</td>
</tr>
<tr>
<td><strong>Work activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This relates to the level of engagement our people derive from day to day work activities.</td>
<td>63%</td>
<td>60%</td>
<td>65%</td>
</tr>
<tr>
<td><strong>Diversity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This relates 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>73%</td>
<td>77%</td>
<td>79%</td>
</tr>
<tr>
<td><strong>Safety</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees’ perceptions that workplace safety and security are appropriately addressed by the company.</td>
<td>56%</td>
<td>59%</td>
<td>82%</td>
</tr>
</tbody>
</table>

* Percentage of employees who agreed or strongly agreed with the statements.
Building capability

We have continued our activities around talent development, acquisition and retention with a key milestone being the launch of our Management to Leadership (M2L) program. M2L is designed to enhance the skills and understanding of all our managers so they can become more effective managers and leaders. In the 11/12 year, 27 of our managers underwent the M2L program and we are aiming for twenty more to participate in 12/13.

We have also continued our commitment to our associate program with an intake in the 11/12 year of 18 new graduates supported by a dedicated program manager. Each graduate spends two years in the program performing normal operational roles and undertaking an extensive development program. Out of the intake of 65 graduates over the past four years, 52 are still working for the company.

Like all organisations, the challenge between what we would like to do and resourcing to make and embed change is an ongoing issue. The coming year will see us continue to deliver our key people programs, as well as some specific initiatives designed to enhance our internal and external brand and support the organisation as it delivers an enhanced experience to its customers.

This includes improvements planned around our employer branding (employee value proposition), revising and streamlining our approach and the experience for both new employees and managers around orientation and onboarding, as well as building and refining capability of our managers and leaders.

Diversity

The diversity agenda has been an important development in our sustainability journey in 11/12 as we recognise that by embracing diversity we have access to and will be a stronger organisation as a result of the positive impacts the different experiences, knowledge, ideas, perspectives and leadership styles can and will provide. We have facilitated leadership dialogue so that we can explore what diversity means for our business. This discussion will continue in 12/13 so that our position on diversity can be defined and shared with all of our people.

A notable achievement during this year has been the establishment of our diversity and inclusivity office. There is now an officer responsible for the overall coordination and implementation of our program. The establishment of our diversity and inclusivity committee, with our managing director as the chair has also been a major milestone with representation from different divisions, locations and levels of our organisation.

Key milestones achieved:
- Establishment of the contact officer’s network with training of contact officers in each of our locations.
- Gender based pay equity review conducted.
- Improvement in score in engagement question around diversity from 77 percent to 79 percent.
- Review of parental leave processes and benefits.
- Roll out of Respect — a program designed to educate our workforce on appropriate workplace behaviour and conduct.

Key next steps:
- Revise parental leave benefit.
- Ongoing projects as identified by diversity and inclusivity steering committee.
- Women’s network and mentoring review.
- Ongoing work with the executive leadership team and management around diversity focus.
- Management education process.
- Ongoing reporting of diversity progress.
- Review of human resources policy.

The establishment of our diversity and inclusivity committee, with our managing director as the chair has been a major milestone with representation from different divisions, locations and levels of our organisation.

Incidents of discrimination/corruption

During 11/12 we had no judgments of discrimination made against Fuji Xerox Australia or any of our employees. Any complaints from employees, including complainants alleging incidents of discrimination were treated seriously, and a rigorous process followed to determine the facts and protect all parties. Where warranted, we engaged external counsel to assist us with the process. All matters raised have been resolved with resolution ranging from an amicable outcome between the parties involved to, in serious cases, termination of employment.

We did experience a serious incident involving alleged misappropriation of company property with a negative impact on our business. This matter was swiftly dealt with and bought to the attention of police and is now being dealt with before the courts. We have taken action to implement changed processes and exception reporting to ensure this type of activity does not occur in future.
Our employees

At the end of the year under review we employed 2,302 people, a 13 percent growth on the previous year that can be mostly explained by the inclusion of 319 people from Upstream in our headcount. Our attrition rate decreased from 16 percent in 10/11 to 14 percent in 11/12 with 309 permanent employees leaving our employment. This decrease compares favourably to the increase in the benchmark industry rate from 16 percent to 19 percent for similar periods.
Remuneration

Fuji Xerox Australia aims to maintain a competitive remuneration approach that allows us to retain and attract the people we need to manage and grow our business; our remuneration approach factors in business performance, market conditions, role specific and job family trends.

For our executive leadership team and senior managers we also have in place a bonus structure which takes into account employee engagement results for their division alongside other job related performance where they go above and beyond the day-to-day expectations.

We conducted our annual performance review for salaried and professional employees. Our employees covered by enterprise agreements receive amendments as agreed in those arrangements. As part of our ongoing review processes we have built in an approach to ensure we highlight areas of concern from an equity perspective and deal with any anomalies that arise.

From the analysis completed for this year’s Equal Opportunity for Woman in the Workplace Agency (EOWA) report it was found that there were some inconsistencies around male and female salaries in different areas of the business as outlined in the below table. It was decided that a gender pay equity audit was needed and this analysis is currently underway to determine the reasons why there are these differences.

<table>
<thead>
<tr>
<th>Employment positions by gender and role*</th>
<th>Benefit availed in 11/12</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Position</strong></td>
<td><strong>Percentage</strong></td>
</tr>
<tr>
<td>Senior executives</td>
<td>8</td>
</tr>
<tr>
<td>Senior managers</td>
<td>23</td>
</tr>
<tr>
<td>Managers</td>
<td>25</td>
</tr>
<tr>
<td>Team leaders</td>
<td>15</td>
</tr>
<tr>
<td>Sales staff</td>
<td>25</td>
</tr>
<tr>
<td>Technical staff</td>
<td>9</td>
</tr>
<tr>
<td>Functional staff</td>
<td>49</td>
</tr>
<tr>
<td>Admin staff</td>
<td>83</td>
</tr>
<tr>
<td>Vocational staff</td>
<td>32</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>28</td>
</tr>
</tbody>
</table>

*Excludes Upstream.

---

‘Clean air’ by Suhendry Ui, Document Manager, Macquarie Park, NSW.
### 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.

#### 11/12 objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement the health and safety strategic plan.</td>
<td>Consultation, communication and systems established.</td>
</tr>
<tr>
<td>Target LTIFR of eight with greater confidence in accurate data.</td>
<td>LTIFR of 6 achieved.</td>
</tr>
<tr>
<td>Streamline injury management processes to reduce lost time injuries and claims timeframes to minimise personal impact of injuries to employees.</td>
<td>Will remain an ongoing focus.</td>
</tr>
<tr>
<td>Deliver a health and safety management system that is in line with legislative requirements.</td>
<td>Our system built to align with ASA/NZS 4801 standards was released nationally and training conducted to ensure implementation by safety committees and management. With the harmonisation legislation released 1 January 2012, the safety team are revising the system to meet this change.</td>
</tr>
<tr>
<td>Improve health and safety communications and access to resources through web developments.</td>
<td>Improved communication and available resources. Will be an ongoing focus.</td>
</tr>
<tr>
<td>Increase reporting on all hazards, incidents, injuries and near misses to identify all risks and implement appropriate corrective actions and further reduce risk.</td>
<td>Refreshed our health and safety intranet page. Monthly reports released with root causes, and appropriate corrective actions identified and timeframes to close out monitoring. Data confirms a 65% increase in these reports in the period.</td>
</tr>
<tr>
<td>Continue safety training to management and safety committee members</td>
<td>All states have participated in training, and we have ensured we captured a wider group of executives, senior and middle management, health and safety committee members, our health and safety representative and employees.</td>
</tr>
<tr>
<td>Release a new employee safety induction program</td>
<td>A health and safety induction handbook was released. The National Safety Team conducted 41 training sessions in the period, with 345 employees attending.</td>
</tr>
<tr>
<td>Improve dashboard reports to executive and divisional management and employees.</td>
<td>The monthly dashboard report provides a comprehensive breakdown of health and safety data and shows trends in incidents and injuries related to workers failing to follow safe operating procedures and of a behavioural nature.</td>
</tr>
</tbody>
</table>

#### 12/13 objectives

- Improve safety culture through the encouragement of transparent reporting of hazards and near-miss incidents, increased site audits and functional risk profile reviews. In 12/13 we are targeting a 10% increase in reporting of hazards and incidents that could lead to injuries. Our LTIFR target is <6.0.
- Support improved management reporting capabilities and return to work injury management program through investment in a new online case management system.
- Implement all core elements of our health and safety system across our subsidiary company, Upstream.
- Improve safe work practice outcomes for our employees working on customer sites and contractors working on our sites.
- With the harmonisation legislation released 1 January 2012, the safety team are revising our health and safety management system to meet this change.

“The continued strong focus on building our health and safety program is reflected in almost halving our lost time injury frequency rate (LTIFR) and an improvement in employee awareness. Our 11/12 employee engagement survey result reflects a 4 percent improvement in satisfaction with safety and wellbeing engagement levels to 82 percent. For the first time, health and safety has rated as one of the top 4 sustain drivers, indicating our employees’ desire to see the focus continue.”

Roger Pearce, Executive General Manager, Corporate Affairs
Health and safety management and reporting

In conjunction with new health and safety legislation enacted during the year, we released a fully revised Occupational Health and Safety Management System (OHSMS) in this reporting period. The release of the OHSMS has enabled a strong focus on risk mitigation and we have seen a 65 percent increase in the reporting of hazards, incidents, injuries and near misses. We encourage transparency in the reporting of such issues which will assist us in identifying the appropriate controls to rectify and reduce health and safety risks in our business.

Health and safety committees have been established to represent all work sites and now meet regularly with detailed minutes released to workers and posted on notice boards and intranet site locations for reference. We have also established a Health and Safety Representative (HSR) at our Mascot site for designated workgroups elected via the legislative process. Toolbox meetings are held to provide regular and necessary safety information to workers and as another form of consultation. Ergonomic assessment to reduce musculoskeletal injuries was another focus in the reporting period with 110 individual assessments completed and recommendations implemented to reduce identified risks.

We ensure ongoing operational management review of health and safety across the business through a new standardised reporting template. Monthly dashboard reporting of hazards, incidents, injuries and near misses is released to all management and Safety Committee chairpersons for their review and discussion at their team meetings. The reports provide a comprehensive breakdown of functional and site-specific health and safety data, enabling the early identification of root causes and areas requiring attention.

The 65 percent increase in reporting risks, together with the reduction of lost time injuries indicates the focus all employees now have towards health and safety matters. We are particularly pleased to see our annual LTIFR rate reduce below last year’s figure of 10.76 to 6.3, significantly below our 11/12 target of 8.0.
Health and safety training

All aspects of health and safety training have been a priority for the organisation. We worked with a wider group of executives, senior and middle management, and our health and safety committee members, to support them in their health and safety obligations and processes. Key initiatives implemented to raise our employees' knowledge and awareness for safety in the workplace have been:

- Provision of a health and safety induction handbook to all workers with our company commitment and focus on safety.
- We have utilised the National Safety Council of Australia to provide quality training for our health and safety committee members, in addition to due diligence and occupational health and safety harmonisation training to senior management groups. The national safety team has conducted 41 training sessions in the period, with 345 employees attending.
- We have refreshed and streamlined the health and safety intranet page to be user friendly incorporating systems, guidelines and information to support all workers with their health and safety obligations.
- We have implemented a poster campaign to address risks such as fatigue, safe driving, hydration, manual handling and selecting appropriate footwear.

Injury management

Our company strives for a positive workplace culture which is the foundation for successful rehabilitation. We are focused on prevention, early intervention and effective support and rehabilitation to ensure our people feel valued. Risk mitigation is vital to prevent workplace injury and disease. We have conducted in excess of 65 site safety inspections to identify risk, raise awareness and implement controls within the business. However, should a work related incident occur, we have a robust rehabilitation and injury management system to expedite return to work support for our valued employees. The appointment of an injury management advisor, with a focus on establishing proactive rehabilitation and ease of access to essential information for our employees has been an important step forward.

The injury management policy has been revised and released and we developed an updated return to work program in line with WorkCover guidelines. To support this we created a useful return to work handbook issued to every employee who lodges a workers’ compensation claim. This booklet provides helpful information on all aspects of the workers compensation process, and key contact details for the team supporting them through their rehabilitation period.

We have established a consultative relationship with our insurer to reduce delays in provision of documentation or information required to assist with their management of compensation claims.

Safety of our remote field engineers

To better service our customers located in remote areas, we have enhanced our capability to more effectively support them.

Initiatives we have taken to ensure the safety of our remote field engineers include the upgrade of their service vehicles, the provision of a range of safety equipment, and the implementation of a rigorous journey management procedure and vehicle inspection procedure.

Engineers travelling to remote locations use a four-wheel drive fitted with a bull bar, safety roll bar, first aid kit, cargo mesh, fire extinguisher, flashing beacon, long-range fuel tank, reverse buzzer, and UHF / VHF radio. All remote engineers also carry a satellite phone, personal location beacon and survival kit to ensure they are safe no matter where they are.
Our people

Community engagement

<table>
<thead>
<tr>
<th>Direction</th>
<th>11/12 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Contribute to positive outcomes for the communities in which we operate through education programs for disadvantaged youth.</td>
<td>Continue to support and participate in the development of the United Way community impact model.</td>
<td>Senior leaders and middle management participate in United Way’s Regional Councils, Income Coalition, Community Impact Round Table and mentoring programs to contribute expertise, knowledge and experience. Funds of $25k were contributed to Phase 1 of United Way’s Community Impact work in Sydney in the reporting period.</td>
</tr>
<tr>
<td>• Increase employee participation in Workplace Giving and the number of volunteer opportunities available to employees within working hours.</td>
<td>Develop closer ties with nominated education charities through United Way and expand volunteering opportunities with an education focus.</td>
<td>United Way, in partnership with the Beacon Foundation, identified a number of opportunities to harness our employees’ skills to support youth transitioning from school to work to realise their potential. Pilot programs being conducted in 12/13.</td>
</tr>
<tr>
<td>• Improve internal communications and employee awareness of community programs.</td>
<td>Deploy United Way Workplace Giving campaigns across the business with a view to increasing participation rate to 10%.</td>
<td>During the reporting period 154 employees contributed $35,498 through Workplace Giving, resulting in a total donation of $70,996 (including corporate matching). The average participation rate was 7.5% however donations increased 16% in total value over prior year.</td>
</tr>
<tr>
<td></td>
<td>Continue to expand ABCN activity.</td>
<td>Number of schools supported increased 70%. Number of mentors participating in programs increased 40%. Number of volunteering hours increased by 80%.</td>
</tr>
<tr>
<td></td>
<td>Refresh the Community Service Awards program communications and promotion.</td>
<td>$60.5k in grants and 53 additional days of volunteer leave were granted and distributed to 29 Fuji Xerox Australia employees to enable them to provide greater support to their community organisation of choice. This was an increase in participants and support over prior year where we granted $52.5k and 27 additional volunteering days to 18 employees.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12/13 objectives</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Pilot shared value programs where the specific industry and business skills of our people can be of greatest benefit, including a service technician’s education program for year 10 students and a supply chain logistics program to develop skills, employment and mentoring opportunities for disadvantaged young people.</td>
<td>Pilot shared value programs where the specific industry and business skills of our people can be of greatest benefit, including a service technician’s education program for year 10 students and a supply chain logistics program to develop skills, employment and mentoring opportunities for disadvantaged young people.</td>
</tr>
<tr>
<td>• Pilot a sustainability education program in collaboration with the Australian Business and Community Network (ABCN) and the Australian Sustainable Schools Initiative (AuSSI).</td>
<td>Pilot a sustainability education program in collaboration with the Australian Business and Community Network (ABCN) and the Australian Sustainable Schools Initiative (AuSSI).</td>
</tr>
<tr>
<td>• Increase leadership and management engagement in our community programs and with our national partners, exploring links between capability development for our employees and social leadership programs</td>
<td>Increase leadership and management engagement in our community programs and with our national partners, exploring links between capability development for our employees and social leadership programs</td>
</tr>
<tr>
<td>• Measure and increase economic benefit from our community engagement program.</td>
<td>Measure and increase economic benefit from our community engagement program.</td>
</tr>
</tbody>
</table>

Message from Andy Berry, Executive General Manager, Customer Solution Sales

Solving social challenges is critical at an individual, national, and global level for wellbeing and prosperity.

Our social issues today are complex and require cross sector collaboration to develop approaches for successful systemic change.

Fuji Xerox Australia is committed to making a positive social contribution focusing its national community engagement program on helping the disadvantaged through education. We believe that by supporting education, we can help build local communities with adept people who can contribute to the development of Australia’s next generation of workers, innovators and leaders.

The goal of our community engagement program is to enable employee participation and create positive outcomes for the communities in which we operate. Across our operation we have extended participation in community volunteering. Significant growth this year has been with leadership involvement, especially with United Way and ABCN, with representation on regional councils enabling us to help shape and learn from the evolution of strategy from community chest to sustainable community impact. Such engagements
“United Way partners with thousands of businesses across the world to improve people’s lives.

Fuji Xerox Australia is a corporate leader because of the genuine commitment to investing in the community. This commitment is manifest in an array of practices such as fostering employee volunteering, actively promoting workplace giving and encouraging executives to play leadership roles in their local community.

It’s this sort of leadership that will help us realise our shared vision of all people having the opportunity to reach their full potential through education.”

Doug Taylor, Chief Executive Officer, United Way Australia

Our national community partnerships

Our current initiatives include our long-standing relationship with United Way which includes strategic input to the development of their Community Impact strategy, both team (Corporate Connect) and individual (Engaged Volunteering — new in 11/12) volunteering activities; and our Workplace Giving program managed through United Way’s e-way portal. We also have a partnership with the Australian Business and Community Network (ABCN) providing our employees with opportunities to take on mentoring and coaching roles with students in areas of high need.

Community Champion led activities

We have a broad range of activities and fund raising initiatives led by our network of 24 site-based volunteer Community Champions to ensure connectivity with local community groups. Our Community Champions are an invaluable resource to support our community engagement. They are passionate and in touch with business and community needs at a grassroots level and closer to their peers at a site level to encourage them to use their knowledge, experience, talents and passion to support the community, and to recognise those that are actively involved. In 12/13 we aim to grow our champions network to support increased community engagement.

Volunteering participation

Employee volunteering with both United Way and ABCN increased in 11/12. United Way programs in 11/12 saw 278 of our employees contribute 1,389 volunteering hours to community programs, versus 208 employees and 1,285 hours in 11/12. This equates to a 34 percent increase in employee participation and an 8 percent increase in hours.

There were also 250 employees that participated in ABCN mentoring programs in 11/12, contributing a total of 2,193 hours of their time mentoring students in high need areas. This was a 33 percent increase in the number of mentors and 37 percent increase in hours invested.

In 12/13 we are increasing the number and diversity of volunteering opportunities with the successful development...
of Engaged Volunteering programs with United Way to support its Community Impact program. The skills of qualified employees are a great asset often in short supply in communities facing significant social disadvantage. United Way, in partnership with the Beacon Foundation, identified a number of opportunities in 11/12 to harness employees’ skills to support youth transitioning from school to work to realise their potential.

A number of our senior and middle management have also been working at a strategic level with United Way and community organisations such as Good Beginnings and the Beacon Foundation to develop their Community Impact program. This will continue in 12/13. We believe these collaborative partnerships not only support systemic change in disadvantaged communities, but also support the personal development of leaders within our business.

Environmental volunteering hours were not captured at a national level in 11/12 so while volunteering hours with ABCN and United Way increased the chart reflects a decline in volunteer hours overall. In 12/13 we are establishing new methods to capture additional volunteering hours outside of the ABCN and United Way programs.

“As a principal, I see lots of presentations. But watching the students present at the end of the TEAM program was one of the best times I’ve had watching presentations in my career.”
TEAM Principal (ABCN program)

“As in the TEAM program, we learnt to translate technology, teamwork, leadership and creativity into a quality presentation.”
TEAM student (ABCN program)
Infant readiness to achieve in school

In 11/12 United Way supported Good Beginnings to establish two supported playgroups in the Claymore community. Good Beginnings provides practical, community-based parenting support programs to ensure children get the best start in life. It targets children in vulnerable communities through early intervention services and programs that are adaptive to the needs of the child.

Over 30 families participated in this early childhood program to increase the development of their 0–5 year olds’ intellectual, social and emotional skills. Over 50 percent of those parents that attended reported an increase in skills to support their children to be school ready, and over 50 percent of children demonstrated an increase in intellectual, social and emotional skills.

Good Beginnings also implemented the Ready Set School program in an additional two playgroups. Of the sixty-nine children that attended, 44 percent were assessed as above the reading age and 54 percent above or beyond the numeracy and counting skills standard by the end of the year. Parents attended the first 3 weeks of the program to learn about ‘school readiness’ and again over half reported an increase in their skills to support their children.

Income program for productive and engaged youth

In 11/12 United Way supported five schools in some of Sydney’s most disadvantaged communities to participate in the Beacon Foundation No Dole program.

Over 600 students participated in the program including a business breakfast, speed careerering, mock interviews and a charter signing. These events are aimed at giving students exposure to the possibilities and options available to them after school. They provide opportunities for students to learn about career pathways from business people and the personal experience of people working in particular fields.

Of the 600 students 20 percent were identified as high risk and were supported to attend intensive support programs including Polish (presentation and personal skills required for the world of work), Lunch with the Girls and BBQ with the Boys.

These intensive programs are aimed at increasing the confidence, motivation and skills of the young people to envisage and pursue a career pathway. The events build team-work skills, assist students to identify personal strengths and interests as well as articulate and set goals for the future.

Thirty-eight percent of the students who had intended at the start of the year to go onto insecure or unproductive pathways had changed their intention to a secure, productive pathway. A further 48 percent of students who were previously unclear about their pathway had clarified their intention to go onto secure, productive pathways.

A 20 percent increase in business involvement with the schools was reported across the five schools.
Our people

“When people give regularly, we are able to budget more accurately, allowing us to confidently commit funds to vital community projects.”

Doug Taylor, CEO, United Way Australia

Workplace giving

We have also seen an increase of 16 percent in the funds donated by employees through Workplace Giving. Our Workplace Giving program is managed by United Way. Our employees who choose to participate in Workplace Giving can review and manage their commitment via our intranet to adjust their contributions as they desire.

The United Way Workplace Giving model directs donations to local grassroots community organisations that demonstrate a strong capacity to improve access to education, income and health.

Recognising employees supporting their communities

While we provide structured opportunities for our employees to support the communities in which we operate, we also acknowledge the important individual contribution our people make outside of working hours by getting involved in grassroots activities close to home. This is by way of our Community Service Awards which provide a number of grants and additional volunteering time to employees to further support their community organisation of choice. Submissions are evaluated by our Community Engagement Committee and employees’ direct managers have to review and endorse any additional volunteer leave awarded.

We also like to recognise the sometimes quiet achievers across our business that are diligently facilitating and/or playing an active role in community engagement by way of our ‘Local Hero Awards’. Each year our State General Managers are called upon to nominate a Local Hero. Our Local Hero’s are recognised and thanked for their efforts at our Branch Communication meetings in the second half of our financial year.

“Irabina is very grateful for the support it receives from organisations like Fuji Xerox Australia. It allows us to concentrate all our resources into providing services which enhance the lives of the children and families that are challenged by an autism spectrum disorder.”

Dawn Boyd, CEO Irabina Childhood Autism Services

<table>
<thead>
<tr>
<th>Matched Workplace Giving donations to charities</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/09</td>
</tr>
<tr>
<td>$75K</td>
</tr>
<tr>
<td>$50K</td>
</tr>
<tr>
<td>$25K</td>
</tr>
<tr>
<td>$0</td>
</tr>
</tbody>
</table>

Vacation care program, Glebe, NSW.
Natural disaster relief efforts

In 2011 we saw natural disasters take a toll on many communities and our colleagues in other countries. The earthquakes in New Zealand, East Japan, major floods in Thailand and in the Philippines claimed a great many lives and devastated the infrastructure of communities in these regions. According to the United Nations, the total cost of disaster damage around the globe in 2011 was over US$380 billion, the highest figure on record.

Many of our Fuji Xerox operating companies in the region have experienced natural disasters and want greater clarity on the role they should play in emergencies as a member of the community. To this end, the heads of Fuji Xerox operating companies have started a collaborative project to share experiences and expertise across borders.

There is a sense that it is our responsibility to use our document services and communications technologies to support crisis management efforts in our communities and for our customers. Core principles of conduct in a disaster are being developed by the regional Corporate Social Responsibility Champions, setting down principles to cover three key areas – employee safety, caring for customers and caring for the community.

A special visit to disaster stricken Sendai and Oshima Island, Japan

One of the most devastated areas from the Japan disaster in the year prior is Sendai, a couple of hours from Tokyo by bullet train. Our Managing Director, Nick Kugenthiran, and Amanda Keogh, our Sustainability Manager, joined other regional sustainability champions, and other operating companies managing directors and Fuji Xerox Asia Pacific Operations senior management, for a day and a half visit to Fuji Xerox offices in Sendai and to assist with clean up operations on Oshima Island, a further four hours by bus from Sendai.

Fuji Xerox Miyagi President Sousui presented on the affects of the disaster and the steps taken by the team to ensure safety of the staff and recovery. It emphasised the importance of preparation, strong project management and resourcefulness, and Fuji Xerox’s commitment to staff and their families. During the visit, volunteers had the chance to meet and discuss with local school children their experiences around the disaster and assist with clean up operations of a local beach and a traditional local home. A special donation was presented, and toys were given to the local school children as a memento of our special day.

“"The most important impact we made during this volunteering trip was to help the locals feel that people from different countries and cultures cared for their wellbeing. The lives and livelihoods of people on Oshima Island have been deeply affected by this natural disaster — our contributions may seem simple, but they clearly carried great significance in rebuilding the morale of local people. It touched Fuji Xerox leaders even more so, in recognising the broader social role we are all obliged to play as responsible corporate citizens.”  
Nick Kugenthiran, Managing Director, Fuji Xerox Australia
Our impact

What is in this section?
Environmental strategy and management
Carbon management
Waste management
Water use
Paper use

Image: ‘The simple things’ by Helena Carris, Human Resources Consultant, Macquarie Park, NSW.
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. Annual targets for carbon and waste reduction are agreed with the CSR division 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/NVV4XM](http://bit.ly/NVV4XM)

There is an environmental management system (EMS) in place at 20 of our sites, which are ISO 14001 certified. In 11/12 a new site was added to support our business in the Northern Territory. There are six further Upstream sites for which environmental data has not yet been collected. We plan to work more closely with Upstream in 12/13 to initiate environmental management and reporting with that organisation.

Fuji Xerox Australia did not incur any fines or non-monetary sanctions for non-compliance with environmental laws and regulations in the reporting period.

In addition to our 27 sites, we also operate service centres on customer sites. These centres provide a mix of creative, print and mail services to our customers. We have a flagship sustainable service centre we operate at the University of New South Wales, and we have applied environmental practices to the management of our head office service centre. This has led to the modification of procurement, print management and day-to-day energy and waste management operations at the site.

In 12/13 we plan to cascade that approach to other service centres at customer locations. 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.
The new Eco Manufacturing Centre at Rosehill: a fitting showcase for our award-winning remanufacturing operation

When our iconic Eco Manufacturing Centre needed a new home it made sense that sustainability should help guide our decision. Instead of building new from the ground up, we refurbished an existing warehouse in line with sustainable building standards. A key objective for the design team at the outset of designing the new facility was to create an environmentally sustainable fit out.

Key sustainable features of the facility include:

- External and internal sun shading to reduce cooling requirements in summer and manually adjustable blinds installed to assist in controlling daylight glare and heat from outside.
- Good Environmental Choice Australia (GECA) certified linoleum, workstations and furniture.
- Specially selected indoor plants and gas powered air conditioning to improve air quality and reduce carbon dioxide by 30 percent.
- Zero ozone depleting potential (ODP) refrigerant air conditioning units for supplementary air conditioning.
- Rainwater harvesting for toilets and garden irrigation.
- Energy efficient lighting systems including motion and light sensors to reduce energy use in unoccupied rooms/areas.
- Solar hot water systems and high efficiency water fixtures (taps).
- The use of Fuji Xerox energy-efficient multifunction devices made from replaceable and recyclable components to extend product life and reduce waste to landfill.
- Reception desk and planter boxes made from recycled pallet timber.
- Ten percent of energy used is from renewable resources.

Key sustainable practices during the construction of the facility included:

- Use of low volatile organic compound paints.
- Steel sourced from members of the World Steel Association for Carbon Reduction.
- Eighty percent of waste produced during construction was separated out for reuse and recycling.

In keeping with our commitment to sustainable building standards, Fuji Xerox Australia has registered the Eco Manufacturing facility for Green Star certification aiming for a ‘5 Star Green Star — Office Interior v1.1’ rating and a ‘4 Star Green Star — Industrial Design v1’ rating in 2012.
## Carbon management

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

### 11/12 objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review carbon reduction target across scopes 1, 2 and 3.</td>
<td>This objective was not achieved due to challenges in collecting and retaining scope 3 data, however a new target was framed for scope 1 and 2.</td>
</tr>
<tr>
<td>Develop a decision matrix to evaluate carbon reduction projects.</td>
<td>Decision matrix developed and used to approve 11/12 carbon fund investments</td>
</tr>
<tr>
<td>Embed carbon criteria in the decision making framework of our Project Management Office.</td>
<td>This step has not been undertaken however the objective will be included in the carbon modelling and forecasting project.</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>
<td>We have implemented an office lighting upgrade at our national warehouse. We have used the decision matrix to assess and approve other carbon reduction projects such as the building management and control system for the epicenter™.</td>
</tr>
<tr>
<td>Assess carbon risk in the supply chain and develop strategy to reduce carbon intensity in high-risk areas.</td>
<td>Started development of emissions management model with large paper supplier.</td>
</tr>
</tbody>
</table>

### 12/13 objectives
- Explore how to integrate carbon as a criterion in capital expenditure approvals.
- Achieve 5% reduction in scope 1 and 2 emissions reduction in 12/13 on 11/12 levels.
- SCO warehousing and logistics partners to work towards industry best practice in carbon per square meter and unit delivered.
- Implement and monitor emissions management plan with largest paper supplier, UPM Kymmene.

**Fuji Xerox Australia’s scope 1 and 2 carbon emissions have remained steady in 11/12. This is mainly due to the addition of a temporary site opening to assist with the set up of a new dealership.**

The Darwin site accounts for 3.5 percent of carbon emissions from electricity use, has been leased since January 2012 and is expected to shutdown in July 2012. Overall the remaining Fuji Xerox Australia sites have achieved good reductions in carbon emissions throughout the reporting period. The results can be attributed to the carbon fund focus on investments to reduce our direct and indirect carbon emissions, specifically electricity use. We undertook a $180,000 lighting upgrade at our national warehouse and the site achieved a 4 percent reduction in electricity use for the 11/12 year.

We have invested in building management and control systems (BMCS) at the epicenter and the Eco Manufacturing Centre. The BMCS provides our facilities managers with detailed information and control on energy intensive circuits and equipment such as lighting, air conditioning, pumps and compressors. Any unusually high electricity use is either automatically corrected or an alert is sent to the facility manager for rectification.

Fuji Xerox Australia procured 26 percent GreenPower™ in 11/12. The electricity for the two Business Processing Operations (BPO) sites at Parramatta and Port Melbourne, that house our energy intensive data centres, are allocated 100 percent of this renewable energy. The 100 percent GreenPower allocation provides our BPO customers with confidence that we are managing the carbon emissions of their outsourced business processes in a responsible way and provides incentive to the sites to maximise energy efficiency. Both sites achieved a 5 percent reduction in electricity use for 11/12.

The results of our selected scope 3 carbon emissions analysis are dominated by a 76 percent increase in emissions from our logistics operations. The factor contributing to this dramatic increase was the effects on product supply following the tsunami in Japan, which led to a doubling of air freight. Our Supply Chain Operations division are taking steps to improve our freight forecasting and our responsiveness to sudden changes.

Employee air travel carbon emissions have risen 12 percent. Since 09/10 employee travel has steadily increased and is returning to levels experienced prior to a significant travel freeze being placed on the organisation and with organic growth in our business. We are looking to technology advances to provide more efficient alternatives when appropriate.

Fuji Xerox Australia has implemented a pilot of video conferencing (VC) at our offices in Brisbane, Sydney and Melbourne. The VC has been available as a service since April 2012 and many staff have utilised the VC technology for their team meetings and find it very efficient, productive and cost effective. In some cases employee feedback has stated the VC...
technology has offered their teams the chance to collaborate and engage at a level that was previously unattainable through teleconferences. There is some evidence that we now use VC for regular team meetings in place of air travel.

The immediate benefits to business and employees include:

- Increased productivity (due to a significant reduction in interstate travel time).
- Increased team collaboration (including teams that span interstate).
- Reduced travel related costs (airfares, hotels, local travel).
- Reduced carbon emissions (due to a reduction in flights and other travel related activities).

Our employees also experience the more holistic benefits including:

- Reduced stress (that comes with travel).
- Reduction in time away from the family to support a healthy work/life balance.

The project will be monitored throughout 12/13 to further quantify the productivity, cost and carbon emission savings resulting from the VC technology.

---

**Actual energy use**

<table>
<thead>
<tr>
<th></th>
<th>08/09</th>
<th>09/10</th>
<th>10/11</th>
<th>11/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas (GJ) (includes transport &amp; generator use)</td>
<td>383</td>
<td>186</td>
<td>101</td>
<td>106</td>
</tr>
<tr>
<td>Diesel fuel kL</td>
<td>4</td>
<td>7</td>
<td>13</td>
<td>125</td>
</tr>
<tr>
<td>Petrol kL (includes E-10)</td>
<td>62</td>
<td>34</td>
<td>31</td>
<td>37</td>
</tr>
<tr>
<td>LPG fuel kL (includes forklifts)</td>
<td>1040</td>
<td>887</td>
<td>827</td>
<td>8264</td>
</tr>
<tr>
<td>Electricity MWh</td>
<td>8270</td>
<td>8643</td>
<td>8472</td>
<td>8264</td>
</tr>
</tbody>
</table>

*Energy efficient lighting at our epicenter™, NSW.*
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.
Our impact

Scope 1 & 2 emissions (CO₂-e)

<table>
<thead>
<tr>
<th></th>
<th>08/09</th>
<th>09/10</th>
<th>10/11</th>
<th>11/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refrigerant &amp; synthetic gases*</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>Diesel fuel (includes transport &amp; generator use)</td>
<td>14.0</td>
<td>20.1</td>
<td>33.7</td>
<td>33.7</td>
</tr>
<tr>
<td>Natural gas</td>
<td>19.7</td>
<td>5.1</td>
<td>5.2</td>
<td>5.1</td>
</tr>
<tr>
<td>Petrol (includes E-10)</td>
<td>95.7</td>
<td>77.6</td>
<td>69.6</td>
<td>82.2</td>
</tr>
<tr>
<td>LPG fuel (includes forklifts)</td>
<td>1635</td>
<td>1395</td>
<td>1302</td>
<td>1026</td>
</tr>
<tr>
<td>Electricity</td>
<td>7614</td>
<td>7802</td>
<td>7981</td>
<td>7979</td>
</tr>
</tbody>
</table>

Total

- Diesel fuel use increased due to the requirement of a temporary generator for the Eco Manufacturing Centre during early stages of occupation.
- Liquefied petroleum gas (LPG) use in the service fleet decreased due to vehicle change over to either diesel or petrol vehicles. Subsequently diesel and petrol use in the service fleet increased as LPG vehicles were replaced with diesel or petrol models.

Scope 3 emissions (CO₂-e)

<table>
<thead>
<tr>
<th></th>
<th>08/09</th>
<th>09/10</th>
<th>10/11</th>
<th>11/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity*</td>
<td>1.40</td>
<td>0.55</td>
<td>0.83</td>
<td>1.42</td>
</tr>
<tr>
<td>General waste</td>
<td>0.042</td>
<td>0.041</td>
<td>0.072</td>
<td>0.03</td>
</tr>
<tr>
<td>Wood waste (pallets)</td>
<td>0.1</td>
<td>0.03</td>
<td>0.03</td>
<td>0.03</td>
</tr>
<tr>
<td>Logistics</td>
<td>26.61</td>
<td>21.99</td>
<td>15.34</td>
<td>21.26</td>
</tr>
<tr>
<td>Air travel</td>
<td>3.14</td>
<td>3.06</td>
<td>3.43</td>
<td>28.11</td>
</tr>
<tr>
<td>Total</td>
<td>30.87</td>
<td>28.11</td>
<td>21.26</td>
<td>45.96</td>
</tr>
</tbody>
</table>

- In 11/12 Fuji Xerox Australia was able to obtain more accurate data associated with the air conditioning systems we directly manage. We have therefore applied the change for 11/12 and all previous years as the systems responsible for the refrigerant emissions have been within our control for the past 4 years. The figure has been updated from 0.17 tonnes to 70 tonnes. † Restatement for 11/12. Scope 3 electricity emissions have been recalculated to update previous estimates for 09/10. The result is a 3% reduction from 10/11 to 11/12 period.
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.

11/12 objectives

Complete and roll out national waste contract.

- All recycling and refuse services have been consolidated to one national service provider.

Provide increased recycling facilities at all sites.

- As part of the national waste management contract roll out, we have provided paper and cardboard, and commingled recycling as a minimum with some sites having access to organic recycling such as our Eco Manufacturing Centre.

Expand bi-annual waste audits to all shared tenancy sites.

- This has not occurred due to significant site relocations and the rollout of appropriate waste / recycling facilities as a priority nationally.

12/13 objectives

• Develop new waste management procedure encompassing relocations and site clean-ups.
• Review waste audit frequency and focus at Supply Chain operations and Eco Manufacturing Centre and develop strategies to improve diversion areas.

During 11/12 we increased waste to landfill by 4 percent despite placing great emphasis on improving our waste and recycling management facilities across large and small sites. The rollout of a national waste contract aligned our waste and recycling services, data and billing with a single contractor. Despite this we experienced a 22 tonne increase in waste to landfill over the prior year.

There are a number of circumstances seen to drive this increase.

• One of the largest contributors to our waste, our national warehouse, undertook numerous site clean ups and building works where little of the waste material was recycled despite adequate facilities. The shutdown of the Port Melbourne supplies warehouse over the latter half of the year saw dramatic decreases in landfill waste. Waste arising from site clean ups and relocations will be better managed through the development and communication of the revised waste management policy due for release once the national waste contract implementation is completed.
• Other office warehouse locations such as Port Melbourne experienced issues recycling pallets resulting in high landfill output at the start of the year. Changes in Victorian state legislation tightened the controls for wood waste being used for mulch, which meant our recycler could no longer service our needs. While identifying an alternate solution some wood-waste needed to be sent to landfill.
• Weight averages were being applied to our Adelaide and Perth head offices leading to higher estimates than previous actuals. Our waste contractor has ensured that greater accuracy should be achieved by the installation of new equipment in vehicles in January 2012.

Other waste management initiatives in 11/12 include:

• A soft plastic bailing machine installed at the national warehouse. A polystyrene recycling machine is also being scoped for the site. The machines will result in better volume efficiencies for both waste streams and potentially rebates offered for the resource.
• Installation of a twin auger packer at Mascot to increase volume efficiencies, which has the flow on effect of reduced transport costs and emissions.
• An organic waste stream was implemented at the new Eco Manufacturing Centre to improve the diversion of recyclable resources from landfill.
Our impact

**Water use**

**Direction**

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

<table>
<thead>
<tr>
<th>11/12 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meter water consumption at the Eco Manufacturing Centre.</td>
<td>✗ The water meter was not installed due to a project management oversight; however this will be rectified in July 2012.</td>
</tr>
<tr>
<td>Ensure all sites have basic water efficiency measures installed such as flow regulators in all bathroom fittings.</td>
<td>✗ Five large sites have undergone water efficiency upgrades carried out by site facilities or landlords.</td>
</tr>
</tbody>
</table>

**12/13 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.

For the 11/12 year water use at Fuji Xerox has decreased by 34 percent. This can be attributed to greater water efficiencies at our national warehouse resulting in a 1864 kL of potable water savings. This result together with and a decreased average water use figure per head have resulted in a further 888 kL water use reduction for other Fuji Xerox Australia sites. The decreased average water use per head is based on accurate meter readings from our Brisbane office, which is 2.3 kL per person for 11/12 whereas the average was 2.6 kL per person in 10/11.

The significant decrease in water consumption at the national warehouse is due to improved maintenance on the air conditioning system cooling tower as well as the continuing policy of no garden irrigation and upgrading water fixtures. The Eco Manufacturing Centre has been unable to produce accurate water consumption results due to metering problems during the refurbishment. We would otherwise expect there to be a significant reduction in water use due to the 100,000 litre rainwater tanks that are connected to all toilets and garden irrigation system as well as upgrading the water fixtures from a 2 to a 5 star rating during the refurbishment.

**Water from municipal sources**

*This data reflects 6 months worth of water usage at the Zetland premises. Water usage at the new Rosehill facility was not collected.*
Our impact

Paper use

Direction

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

11/12 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce internal paper use by 1% on 10/11 use.</td>
</tr>
<tr>
<td>Implement a device consolidation and upgrade at our corporate office to provide a better platform for print efficiency.</td>
</tr>
<tr>
<td>Complete the review of paper use and share findings with employees responsible for paper purchase.</td>
</tr>
<tr>
<td>Eliminate the use of non-certified virgin papers.</td>
</tr>
</tbody>
</table>

12/13 objectives

- ‘Own Best Customer’ initiative implemented at all sites over 12/13 and 13/14.
- Achieve 15% reduction in paper use subsequent to MyPrints print functionality being implemented by 13/14.
- Change paper use accounting in line with My Print technology.
- Eliminate the use of non-certified virgin papers.

We have reduced our internal paper use by 22 percent in 11/12. This can largely be attributed to better management of paper purchasing across our business, leading to better allocation of volumes for internal use reporting. While we have not revised our paper use policy, the changes in stock used from recycled to PEFC certified paper is evident.

One major project which will impact paper use is the ‘Be Our Own Best Customer’ initiative which will lead to a consolidation of our print fleet nationwide on a lean green print platform. This will bring some exciting changes that will directly impact paper use. It will improve our accounting methodology by providing our sites with the latest ApeosPort devices and cost management software. This combination of features will not only improve energy efficiency but also reduce paper wastage through unclaimed prints.

Tonnes paper use

- Paper data has been restated due to a large proportion of 60% recycled PEFC product being miscategorised as ‘non-recycled’. PEFC has been reduced from 63.2 to 22.4 tonnes; PEFC recycled stock has been increased from 4.2 to 35.6 tonnes; standard paper has been increased to 15 tonnes. † FSC carbon neutral paper was launched in 11/12.
Supply chain

What is in this section?
- Responsible procurement
- Regional ethical procurement
- Responsible paper sourcing
- Managing carbon with logistics suppliers

Image: UPM’s pulp mill in Fray Bentos, Uruguay. Fuji Xerox Australia’s biggest paper supplier, UPM, were awarded ‘Most Innovative Company’ at the 2012 Ethical Corporation Responsible Business Awards for demonstrating genuine innovation in their sustainability approach.
Fuji Xerox’s supply chain and manufacturing facilities

In 11/12:
80% of our product shipped to Australia
20% air freighted to Australia

Supply chain

1% from Thailand
3% from USA
7% from Europe
12% from Japan
3% from Korea
58% from China
3% from Malaysia
13% from Singapore
3% from Thailand
1% from Korea
3% from USA
7% from Europe
12% from Japan
3% from Korea
58% from China
3% from Malaysia
13% from Singapore

= Manufacturing and development facility
= Recycling and remanufacturing facility

80% from China
1% from Thailand
3% from USA
7% from Europe
13% from Singapore
3% from Malaysia
3% from Korea
12% from Japan

Sydney
Brisbane
Melbourne
Adelaide
Canberra
Perth
Incheon
Suzuka
Namerikawa
Ebina, Iwatsuki, Takematsu, Kawasaki
Shanghai
Shenzhen
Bangkok
Fuji Xerox sources product from Europe, North America and Asia, with the major manufacturing facilities located in Japan and China. Our Australian supply chain operations team works closely 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 31,000 machines and related consumables and spares annually.

The Fuji Xerox Australia approach to sustainable supply chain management is informed by the principles of the United Nations 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. Employee travel, 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, 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, with specific sustainability standards and targets. For all other procurement activity a general sustainable code of conduct is integrated into our procurement framework and compliance is confirmed with suppliers during significant procurement events.

Progress on our supplier engagement journey remained slow in the year under review, as sourcing a procurement manager was not undertaken. In 11/12 we will fill the national procurement manager role and work on a supplier engagement plan, broadening our current focus on strategic relationships. Nonetheless we have moved forward managing the carbon emissions of our most carbon intensive suppliers, especially in paper through the introduction of a carbon neutral range. With natural disasters affecting our supply chain and strategic changes afoot in logistics, our carbon management in that area has been challenging.
Regional ethical procurement

Fuji Xerox views suppliers as business partners. We promote ethical procurement with the aim of building mutually beneficial relationships based on trust. To promote ethical procurement, we organize informational meetings and executive seminars with our suppliers to talk about the environment, human rights, labour, and corporate ethics. We also provide management guidelines and a corporate social responsibility (CSR) self-checklist so that they can engage independently in CSR activities. Our teams of experts make on-site visits to check the actual status of ethical procurement. Through on-site consultations, we support suppliers in their efforts to make effective and well-informed improvements. Since 07/08, we have expanded our ethical procurement activities to include logistics as well as materials procurement.

11/12 performance

In materials procurement, our aim is for all suppliers to achieve compliance on at least 90 percent of the 57 key items that could lead to significant levels of risk. We again met this goal in 11/12 as 96 percent of our suppliers achieved this target (up from 93 percent in the previous year). In Japan and China, our teams of experts are continuing their on-site status checks. In Japan we introduced a framework for CSR criteria and best practices to showcase outstanding CSR cases. We are now devising new initiatives in China after finding that the checklist responses of some of our suppliers differ significantly from the reality, especially in areas such as medical checkups for employees and preventing soil contamination.

We have expanded our ethical procurement program in the international logistics sector where we have identified 100 key items and sought to achieve a compliance rate of at least 90 percent among our primary freight companies and offices that are in charge of delivery in Japan, and five companies that oversee customs processing for our imports and exports to and from Japan. As a result of follow up through site visits, 99 percent of these companies and offices met this standard in 11/12 (up from 68 percent in the previous year).

12/13 objectives

In materials procurement, we plan to launch new initiatives in China to address the challenges described above. From 12/13 onward, procurement personnel with basic CSR training will be assigned to carry out site visits of our suppliers in China (including those of Japanese companies in China). The issues to be verified will be the checklist items that show a major discrepancy between responses and the reality on-site. If the checks find that a particular supplier may face difficulty in resolving its issues, an expert team will visit the supplier to discuss concrete measures to improve the situation. In logistics, we plan to establish our domestic programs while expanding CSR actions in overseas logistics starting with our international logistics hubs (China-Singapore and China-Australia hubs).
Supply chain

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.

11/12 objectives

<table>
<thead>
<tr>
<th>How did we do?</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>
</tr>
<tr>
<td>Our executive general manager, Supplies division has been actively involved in the review of our regional paper procurement policy. New audit process and enhanced sustainable paper procurement guidelines implemented. Paper suppliers have been audited, comply and have action plans in place. The last mill audit to be undertaken is scheduled for August 2012.</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 is likely there will be a strong focus on carbon.</td>
</tr>
<tr>
<td>Internal paper supplies training sessions have been held. We also held sessions for our sales people on our new carbon neutral paper stock and the associated carbon offset programs. These were conducted by the Carbon Reduction Institute. Educational material has been developed and now forms part of induction for new employees.</td>
</tr>
<tr>
<td>Continue to secure 100% paper supplier compliance with minimum standards and drive supplier improvements.</td>
</tr>
<tr>
<td>All our paper suppliers’ mills are accredited to ISO 9001 and ISO 14001, and all 13 mills using non-recycled materials have FSC or PEFC chain of custody certification as at March 2012. We request compliance data from all suppliers, in line with our standards. All 14 mills supplying the Australian market meet or exceed our minimum standards.</td>
</tr>
<tr>
<td>Bring carbon neutral paper to market.</td>
</tr>
<tr>
<td>Carbon neutral paper stock launched in January 2012.</td>
</tr>
<tr>
<td>Out of total paper sales 85% to be FSC / PEFC certified, recycled or carbon neutral stocks.</td>
</tr>
<tr>
<td>We achieved 60%.</td>
</tr>
</tbody>
</table>

12/13 objectives

- Target of 85% of paper supplies sold in 12/13 to be FSC / PEFC certified, recycled or carbon neutral stocks.
- Review use of local and regional sourcing policy with paper suppliers.
- Continue to secure 100% paper supplier compliance with minimum standards and drive supplier improvements.

Sustainable paper sourcing standards

Our continuing goal is to work with paper manufacturers in supporting the development of a sustainable paper lifecycle. This means that our papers are derived from paper mills with sustainably managed fibre sources and manufacturing processes that reduce environmental impacts.

Fuji Xerox seeks to demonstrate and promote compliance with recognised international social and environmental standards. We identify and control the sources of raw materials used in the manufacture of our paper products and are committed to responsible stewardship through the full product lifecycle in order to verify our paper supplies as a responsible communication medium.

Our executive general manager, Supplies division sits on the Fuji Xerox South East Asia regional procurement body and has been actively involved in the review of our regional paper procurement policy.

The Fuji Xerox Australia sustainable paper sourcing standard is one tool to achieve this objective. The standard establishes a set of minimum requirements for our paper suppliers across key environmental, social and governance criteria, as well as communicating a path for continuous improvement in line with best practice. The focus 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
Assessment of compliance with standards

We assess compliance with our standards annually and work with non-government organisations to identify and escalate key issues of stakeholder concern. If areas of non-compliance are found, 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. Compliance is also assessed prior to any paper mill being considered for supply. Regular checks are made to confirm ongoing compliance.

We have implemented a new audit process and enhanced our sustainable paper procurement guidelines. Numerous mill visits have been undertaken by our supplies division directly and paper suppliers have been audited, comply and have action plans in place.

All our paper suppliers’ mills are accredited to ISO 9001 and ISO 14001, and all 13 mills using non-recycled materials have Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) chain of custody certification as at March 2012. We request compliance data from all suppliers, in line with our standards. All 14 mills supplying the Australian market meet or exceed our minimum standards.

During the year under review we had anticipated that a major mill supplier would have achieved FSC controlled wood certification. Discussions regarding the progress of this certification began in 09/10. Over time it became clear that some key issues impeding certification were not being resolved in a timely manner and we terminated our relationship with the view to source an alternate supplier that meets our standards.

Since then, our parent company has taken steps to revise its regional standards for paper sourcing and will establish a paper procurement committee including senior managers from head office procurement, Corporate Social Responsibility (CSR) and paper divisions to ensure compliance is better managed going forward. We will review whether we continue with our own assessment of compliance in Australia in 12/13.

“**Bring certified paper to market**

In 11/12 our sales of FSC and PEFC certified papers, carbon neutral papers and recycled paper was 60 percent of our total paper sales by volume compared to 73 percent in the prior year. We missed meeting our target of 85 percent of sales from certified or recycled sources. At the start of the period we were using APRIL Fine mill for a range of paper products. Due to their accreditations not eventuating we ceased procurement from the APRIL Mill in August 2011. The transition and ability to source, secure and commence procurement with alternative mill sourcing with an enhanced accredited product position carried through to January 2012. This had a dramatic impact on our ability to effectively source increased certified product during this time. However our forward position is one of strength and will see us nearing our target of 85 percent as we trade throughout 11/12. A key achievement has been the implementation of a carbon neutral FSC product and enhanced strategic mill alignment that has now been secured. All sales of the APRIL Mill product have been included in the other tonnes segment of our paper sales for the period resulting in a significant drop in sales of FSC / PEFC, carbon neutral and recycled paper sales when compared to the previous period.

**Paper sales by weight**

<table>
<thead>
<tr>
<th>Year</th>
<th>Recycled tonnes</th>
<th>FSC/PEFC tonnes</th>
<th>Other tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/09</td>
<td>11.4%</td>
<td>0.2%</td>
<td></td>
</tr>
<tr>
<td>09/10</td>
<td>35%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>10/11</td>
<td>26.5%</td>
<td>8.8%</td>
<td></td>
</tr>
<tr>
<td>11/12</td>
<td>39.6%</td>
<td>3.6%</td>
<td></td>
</tr>
</tbody>
</table>

* Carbon Neutral stock was introduced in 11/12.

---

“We believe that sustainability underpins the core of our business, and are always looking for ways to reduce our carbon footprint and impact on the environment. Being able to retain the quality and upgrade at no extra cost made it an easy decision to transition our paper to Fuji Xerox Australia’s Carbon Neutral offering.”

**Carolynn Lepp, Head of Business Services and Security Risk from King & Wood Mallesons**
Carbon neutral paper

In 11/12 we launched an FSC mixed source carbon neutral paper for our most popular A4 cut sheet office papers. This will support our customers in lowering their scope 3 carbon footprint, while also ensuring we work with our supplier on an ongoing emissions management plan. Our carbon neutral paper has been through a rigorous and independently verified lifecycle analysis adhering to the ISO 14044 standard. We quantified the energy used throughout the lifecycle of the paper, equated that to carbon using standard conversion factors and purchased offsets to negate the unavoidable carbon emissions resulting from the various stages of the paper lifecycle.

Carbon offsets purchased currently support three projects in developing nations:
- Sustainable energy from rice husks in India
- Fuel switching project in Brazil
- Efficient cook stoves in Cambodia

The offsets are certified under the Verified Carbon Standard and meet the Australian Federal Government National Carbon Offset Standard (NCOS). The NCOS standard has recently been revised to accommodate imported products. In 12/13 we will transition from our current NoCO2 label to the NCOS process and carbon neutral label.

Becoming a trusted advisor on responsible paper sourcing

With a lot of debate in the market over what is sustainable paper and the value of the various certifications and eco-labelling, Fuji Xerox Australia is committed to developing resources and communication to fulfil our role as a credible advisor to our customers. This is aimed at supporting our customers in their decision making on responsible paper procurement. To this end we provide a set of resources called The Paper Facts. The Paper Facts are designed to help our employees and customers get across some fundamentals of paper and the environment. In 12/13 we will update these resources and develop briefs on emerging issues and findings for our employees and customers.

Employee training sessions were held in 11/12 to continue building awareness and understanding of paper’s environmental issues. This forms part of induction to the Supplies business. We also held information sessions for sales people across the business on our new carbon neutral paper development. Employee training on responsible paper sourcing and procurement will continue.
## Managing carbon with logistics suppliers

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

<table>
<thead>
<tr>
<th>11/12 objectives</th>
<th>How did we?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete implementation of the environmental intelligence system for logistics.</td>
<td>External consultant retained to drive process for implementation in 12/13.</td>
</tr>
<tr>
<td>Supply Chain Operations will review our national footprint, storage and transport requirements.</td>
<td>National footprint and storage requirements reviewed and improvement plan defined for implementation in 12/13. Transport requirements review ongoing from warehouse plan implementation.</td>
</tr>
<tr>
<td>Pursue efficiency through warehouse space utilisation project and container optimisation, and extend slip sheeting for paper supplies to Brisbane, Adelaide and Perth.</td>
<td>Conducted warehouse space utilisation review and improvement plan defined for implementation in 12/13. Reviewed slip sheeting and determined additional handling cost is prohibitive. Slip sheeting now restricted to customer-specific direct deliveries.</td>
</tr>
<tr>
<td>Reduce airfreight for our imports and domestic distribution where possible.</td>
<td>Domestic airfreight volumes reduced by 20%. Import airfreight volumes increased significantly due to supply constraints at origins (Japan earthquake; Thailand floods etc).</td>
</tr>
<tr>
<td>Re-engineer asset recovery process for equipment to decrease the storage of used equipment.</td>
<td>Asset recovery volumes increased, with no overall reduction in storage of used equipment.</td>
</tr>
</tbody>
</table>

### 12/13 objectives
- Complete implementation of the environmental intelligence system for logistics.
- Implement national footprint and storage requirements plan, migrating to efficient facilities sized and located appropriately for our business.
- Improve space utilisation through better data management.
- Improve transport cost and emission outcomes through implementation of a domestic distribution requirements strategy.

Carbon remains the key sustainability issue of focus with our logistics suppliers, both internationally and locally. Enhanced forecasting and inventory planning as well as modal shifts from air to sea freight is a key management strategy to achieve cost and carbon efficiency with international freight. A major review of supply chain operations will create structural change and bring cost and carbon efficiencies with it.

A comprehensive review of current and future business requirements against current capabilities was conducted in 11/12. The resulting creation of a strategic development plan formed a significant part of the management team’s task during 11/12, resulting in a number of key initiatives:
- Warehouse network optimisation.
- In-depth analysis of our domestic distribution requirements.
- Process review to eliminate the number of touch points in delivering product to market.
- Review of international shipping arrangements.
- Process development to improve the accuracy of the part master database to ensure that we are replenishing our regional distribution centres with optimal quantities.

### International logistics
In the year under review our air to sea freight ratio went from 10:90 to 20:80. This doubling of air freight was primarily due to supply restrictions at key origins caused by:
- The Japan East earthquake.
- Labour shortages in supplier plants in China.
- Floods in Thailand.
- New product release delays in Japan with consequent impacts on manufacturing in China.

In order to better manage these issues going forward, we will continue to develop the interaction between the inventory planning and sales and marketing teams to improve our overall forecasting accuracy. We also need to improve our responsiveness to these variations and a recent appointment to the International Business Group (IBG) planning team in Singapore will assist this. We anticipate our overall volumes will continue to grow and expect to reduce our air freight volumes in excess of 40 percent.
Domestic logistics

During the course of 11/12 we continued to improve the quality of reporting of inland surface and air distribution mechanisms through revision of emissions factors to improve accuracy of reporting. This will be an ongoing process as the overall measurement protocols available continue to evolve and the vehicle technologies being utilised by our transport partners in the domestic logistics space develop.

Specific actions we have taken to improve delivery performance and reduce transport emissions include:

- Implementation of a process change where we were able to convert emergency Regional Distribution Centre (RDC) replenishments from air freight to road freight without incurring a service level impact.
- Analysis of rural and regional dealer order requirements, where we were able to work with dealers to convert orders from air freight to road freight without incurring a service level impact.
- Ongoing refinement of the transport management system to reduce cost and emissions by optimising routing to non-metro customers.

One significant change to domestic logistics in the year under review has been the outsourcing of the logistics and warehousing associated with the Supplies business. This followed a review of our Supplies warehousing requirements in light of the fact that leases were expiring in 2012. The review highlighted we needed much more flexibility in our storage capability for paper. A third party logistics company (3PL) will manage the warehousing function in our larger states and warehousing operations were outsourced to DB Schenker. We will be working closely with our new partners to ensure they share our values and commitment to sustainability.

This decision led to the Port Melbourne warehouse closing in April 2012, the Homebush warehouse will close by the end of September 2012, and the Brisbane warehouse by the end of October. This restructure led to 60 employees being made redundant. We have been providing appropriate programs and support to the affected employees.
Development

What is in this section?
Design for environment
Solutions innovation
Services innovation

Image: Smart WelcomEyes technology showcased at our epicenter™, NSW.
Design for environment

Fuji Xerox products, solutions and services are designed and developed to improve sustainability performance over their entire lifecycle. 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 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.
- Our document software and digital technologies help reduce paper waste.
- 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.

Real Green™ equipment

In our last report, we featured the energy efficiency technologies of our award winning ApeosPort-IV C3370 series multifunction devices:

- **Innovative Smart Energy Management Technology** reduces energy use by only activating the functions required by the user. It can achieve up to a 30 percent energy reduction when scanning or faxing.
- **LED scanning** uses one third the energy of traditional xenon lamps, while maintaining consistent scan image quality.
- **New Induction Heating fusing technology** eliminates the need for pre-heating the fusing unit, facilitating a warm-up time of three seconds and reducing energy use in standby mode.
- **The Emulsion Aggregation (EA) low-melt toner** melts at 20 degrees lower than conventional toners, cutting energy use by another 15 percent.

To continuously improve the energy efficiency of our new series of multifunction devices, we have introduced Smart WelcomeEyes™ technology to our latest ApeosPort-IV CS575 and DocuCentre-IV CS575 series multifunction devices.

Smart WelcomeEyes detects when a user is approaching and automatically recovers from sleep mode. The first sensor activates only the control panel, and the second sensor activates other parts of the device. This eliminates unnecessary operational steps and the user can activate the device immediately.

We aim to provide our clients with a zero waiting time experience. Even if the device is routinely set to sleep mode to reduce power use, users do not experience any delays in operation.

Solutions innovation

With the growing commoditisation of our traditional equipment business, document workflow solutions and applications are increasingly important to the Fuji Xerox value proposition. However solutions innovation requires a more customer-centric focus to that of the manufacturing based equipment world.

With rapidly evolving software platforms and customer technology drivers, it also requires speed to market with relevant solutions that address trends such as workplace mobility and big data. These drivers mean that our approach to innovation needs to adapt if we are to be successful in the solutions market. The diagram on the page opposite illustrates how successful innovation rests at the heart of strategy, technology and with insight to customer needs. Fuji Xerox Australia is working
closely with Fuji Xerox Co. Ltd., Asia Pacific Operations and other advanced operating companies based in Hong Kong, Singapore, Korea, Taiwan and New Zealand to apply this model to solutions innovation across the Fuji Xerox Group.

For Fuji Xerox regionally, there are four key solutions research themes: Cloud, Mobile, Social and Green. This research is translating into relevant innovations for the Australian market in 12/13.

The Fuji Xerox Australia approach to innovation is based on deep empathy for customer needs, informed by Stanford University’s Design School models. Instead of just focusing on an abstract understanding of customer needs, the intent is to uncover what individual customer feelings are driving these needs. This means that more time is spent with customers, understanding what they do, why they do it and how these business processes make them feel. The five stages of this innovation model are:

1. Empathise with customer feeling
2. Define the problem based on feeling statements
3. Ideate solutions
4. Synthesise ideas into prototypes with clients
5. Test with clients.

At the end of the year under review, eight internal sessions have been conducted within Fuji Xerox Australia to explore how this approach can be applied to our business and to build awareness for this approach to innovation. In 12/13 a small team will be established to uncover gaps in customer’s needs and identify new solutions that can be taken to market.

Leon O’Reilly’s article ‘too much information — towards a semantic web’ explores how we will manage the information overload in the workplace of the future. Read the full article on Fuji Xerox Australia’s nextwork blog: bit.ly/OUSm23
Development

MyPrints

In 12/13 Fuji Xerox Australia will take to market a cost management system designed to be lightweight, scalable and easily deployable. The modular design of this solution means that applications such as — scan to document management system — can be plugged into the MyPrints cost management platform allowing document workflows to be easily built and deployed. These document applications will be available for download from the cloud straight onto a device. This will create an ‘app-store’ style ecosystem of document applications enhancing the ease with which our customers can develop document workflows.

One exciting sustainability innovation on the MyPrints platform is called ENVisualise™. ENVisualise is a ‘green widget’ that sits on the user client desktop. It monitors print volumes and converts them to a carbon value, which is then displayed as an image; it could be a tree, an image of the earth or a footprint. Once volumes have been monitored for a period of time, ENVisualise allows print reduction targets to be set and provides efficient print prompts and measures to drive sustainable print behaviour by the user. ENVisualise has some unique features, including the ability for the client to specify the carbon value of the paper they buy and the ability to choose which image they would like to display on the desktop.

Services innovation

Fuji Xerox Australia has thousands of devices under our managed service. In 11/12 we reviewed the environmental gains some of our customers have been able to achieve over 8 years of consolidating older print fleets, optimising device per user ratios and introducing efficient and innovative equipment. Across the life cycle of 6,120 devices we found a 26.5 percent reduction in energy and a 25.7 percent reduction in waste associated with the production, use and disposal of our equipment and consumables.

In 12/13 we will enhance our managed print services and the operations of our service centres on client sites with greater environmental value. Environmental reporting will become a standard component of our client’s managed print service reports. This will provide our clients with the estimated energy use of our devices as well as their volume of prints per month. The successful completion of the sustainability pilot at our corporate office service centre in North Ryde has provided draft environmental procedures that can be applied to the operations of all service centres on customer sites. The required changes to the Global Services delivery methodology will take place in 12/13.

SOS pilot

A sustainability on-site pilot for our Global Services division was initiated in 11/12 with four main objectives:

1. Build the capability of our service centre employees to confidently answer sustainability questions from customers.
2. Engage the service centre team in the process of understanding the environmental impacts of a service centre and encourage continuous improvement strategies.
3. Provide our customers with robust sustainable service options.
4. Integrate sustainable practices into the service centre operational manual.

The pilot project covered environmental management fundamentals as well as the distinct lines of service offered by the service centre. The project to date has proved a great initiative to engage our service centre teams in improving our sustainability and that of our customers with dedicated on-site service centres.
Fuji Xerox Australia Managed Print Services environmental footprint calculator

Fuji Xerox Australia used an industry first calculator to review the usage of 6,302 devices across a range of customers who have been with Fuji Xerox Australia using MPS. This graphic illustrates the results of pre-MPS versus post-MPS environments, and the reductions achieved in a typical year of an operation.

**Carbon and energy savings**

- **18.68%** reduction in energy associated with paper production, use and disposal
- **25.18%** reduction in energy associated with equipment and consumables production, use and disposal

Equivalent to carbon emissions generated by 629 car trips around the circumference of the Earth (or 5,539,260 kg CO₂)

Equivalent to the weight of 1.58 fully loaded Boeing 747s (or 569,412 kgs)

**Solid waste savings**

- **18.68%** reduction in paper production waste with 15% duplexing
- **24.57%** reduction in solid waste including retired equipment, empty consumables and associated packaging

Equivalent to the weight of 31 African bull elephants (or 186,686 kgs)

Equivalent to taking 1,095 small cars off the road for 1 year (or 3,550,110 kg CO₂)
Customers

What is in this section?
Customer experience strategy
Customer satisfaction
Customer support

Image: talking sustainability with Pymble Ladies College Chief Operating Officer, David Sexton. The school has achieved significant print and energy reductions with Fuji Xerox technology.
Customers

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.

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.

How did we do?

Consultants retained to assist a Lean Design project team in defining and implementing a company-wide customer experience strategy.

12/13 objectives

- Commission a consultant report on overall customer experience strategy.
- Commence implementation through targeted prototyping within discrete markets.

With the rapid growth in our business in recent years, from new and existing lines of services to a broader customer base, we have identified the need to enhance our organisation-wide business support systems. Project Shakespeare describes the significant process mapping, enterprise architecture and customer orientation work underway to address this. Similarly, aspects of our strategic focus and organisation structure have not been sufficiently optimised to capture new opportunities. While our historical business model has served us well, we now need to recalibrate many of our organisational competencies and focus towards rapidly changing market and customer environments that we increasingly face in the future.

In 11/12 we created a new position for a chief marketing officer, who would be tasked with developing a marketing strategy to support Fuji Xerox Australia’s overall strategic plan. The focus of the resultant integrated, customer-focused marketing organisation includes product and service development to suit market needs. Our objective throughout has been to achieve better customer intimacy, offering and supporting solutions that truly deliver value to our customers.

To optimise our current business and drive innovation we have initiated key projects to help us get to the heart of our customer needs and change our organisation to deliver real value. These projects are in the form of Lean Design teams – cross functional, focused teams led by senior managers in the business, moving with the endorsement and investment they need from the organisation.

One such initiative is our customer experience project which aims to define and map a customer experience philosophy that meets and exceeds our customers’ expectations for best practice. The process commenced in 12/13 via targeted prototyping within discrete markets, before rolling out a tested approach to the entire customer base to create and foster a customer centric culture. This includes mapping a customer’s journey with Fuji Xerox Australia, to create a vision for customer experience leading to customer-centred solutions and new value propositions.

Sustainability consulting services

Our sustainability consulting services are designed to leverage our recognised sustainability expertise and apply that to customer challenges in making print and communications more sustainable.

We consult with customer stakeholders, from senior executives to their IT teams, and score organisational commitment to sustainability. We then assess how sustainability is applied to print and communication practices. Recommendations are made to assist organisations pursue their strategic objectives in both organisational sustainability, and specifically the print and communications environment. This helps their decision makers by articulating the business case for sustainability and the cost savings to be made by optimising print.

Our services also provide for ongoing monitoring and identification of continuous improvement opportunities.

Consulting service offerings include:

- Organisational sustainability assessment
- Knowledge exchange workshops to identify strategic objectives
- Green office documents assessment
- Green print centre services
- Behaviour change and communications support.
## Customer satisfaction

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

<table>
<thead>
<tr>
<th>11/12 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve overall Office customer satisfaction index of 95%, including 40% very satisfied.</td>
<td>● Achieved 95% overall satisfied, including 49% very satisfied.</td>
</tr>
<tr>
<td>Achieve overall Graphic Communications customer satisfaction index of 95%, including 40% very satisfied.</td>
<td>○ Due to the focus on defining a new customer experience strategy, the annual Graphic Communications survey was not conducted in 11/12</td>
</tr>
<tr>
<td>Achieve a 10% improvement in our competitive benchmarking score (CBS).</td>
<td>● Overall CBS loyalty index improved 22%, with a 14% increase in overall satisfaction.</td>
</tr>
</tbody>
</table>
| Meet Office Services, Creative Services, Mail Services and Print Services targets. | ● Office services achieved 94% overall satisfaction of which 36% were very satisfied.  
● Print services achieved 99% overall satisfaction of which 74% were very satisfied.  
● Mail services achieved 97% overall satisfaction of which 64% were very satisfied.  
● Creative services achieved 89% overall satisfaction of which 30% were very satisfied. |
| Continue to monitor and improve net promoter score loyalty indicator for Office and Graphic Communications customers. | ● Improved from 38% to 42% in 11/12 with our Office customers. There was no Graphic Communications survey. |

### 12/13 objectives
- Achieve overall Office customer satisfaction index of 95%, including 50% very satisfied.
- Achieve 70% loyalty in competitive benchmarking survey.
- Achieve 40% net promoter score in Office survey.
- Implement a quality practice framework to facilitate structured continuous improvement initiatives across Global Services, to deliver exceptional customer satisfaction and client retention greater than 97%.

---

Fuji Xerox Australia has a number of existing systems and processes for measuring our customers' experience:
- **Customer satisfaction assurance system**
- **Customer satisfaction meetings**
- **Customer satisfaction surveys**
- **Account reviews**

While work continues on developing our overall customer experience strategy, existing voice of customer (VOC) systems are continually being enhanced. The importance of acting on customer feedback, complaints and compliments remains a priority.

---

Customer Satisfaction Assurance System (CSAS)

The implementation of a new Fuji Xerox region-wide VOC system in 12/13 sees improvements in the speed to which we will be able to respond to customer queries and complaints. The new system also offers improved visibility, reporting and analysis of issues so we can proactively develop solutions to minimise issues for the future.

The new system will enable CSAS champions to not only process complaints and compliments more seamlessly, but will incorporate workflow for handling customer and employee suggestions, to create greater customer intimacy.
Customers

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

Measurement of customer satisfaction

| Post-installation survey and competitive benchmark survey. | 90-day intensive care process. Annual face-to-face survey. Graphic Communications customer satisfaction was deferred until a customer experience project can better inform our approach. | 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. | 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. Face-to-face key stakeholder surveys. |

Customer satisfaction meetings

We will continue to use the monthly customer satisfaction forums in each sales branch to highlight and discuss areas for improvement in customer satisfaction, and challenge our targets for meeting customer requirements.

After consultation with relevant stakeholders, including the incorporation of specific external customer observations captured in surveys and account review fieldwork, the targets will be reviewed to ensure better alignment with customer needs.

An executive general manager is allocated to each of our state operations as godparent to oversee and participate in the customer satisfaction management process, as well as acting as a corporate office conduit for quick escalation and resolution of any relevant operational issues across the business.

Customer satisfaction surveys

We regularly conduct a range of surveys across different product areas and markets.

Office post installation survey

This quarterly survey is conducted to measure customer satisfaction with aspects of new office equipment purchases — including sales, delivery and installation, technical service and invoicing. While this survey is useful in highlighting areas requiring attention, it follows very traditional telephone surveying methodology and we are continuing to look at alternative longitudinal approaches as part of our overall customer experience project.

Competitive benchmarking survey

This annual survey measures overall satisfaction and loyalty with our Office customers in relation to our three key competitors. While this survey is managed by our parent
company across many regional markets, we have expressed concerns about the significant movement year-on-year and are revisiting the methodology in 12/13.

**Graphic Communications survey**

We normally conduct this survey annually with our larger production printing clients. This face-to-face 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. As we were beginning to get feedback from clients about the usefulness of this approach, it was decided to defer the 11/12 survey until the customer experience work was better able to inform our approach for the future.

**Global Services surveys**

We regularly survey Office Services, Print Services, Creative Services, Mail Services and Business Process Services. In addition we conduct face-to-face customer meetings with key stakeholders to enable them to express how effectively Global Services is delivering value in line with their expectations.

**Customer satisfaction movement**

While overall satisfaction levels across the major surveyed parts of the business continue to be at very high levels (94 percent and above), there have been some significant movements, up and down, in very satisfied ratings during the year, mainly in Creative and Mail services. Reference is made to these movements in the individual survey sections that follow.

**Competitive benchmark study**

The 11/12 survey recorded substantial improvements in all three aspects of overall satisfaction from 78 percent to 92 percent, likelihood to repurchase from 70 percent to 89 percent, likelihood to recommend from 67 percent to 82 percent; as well as a 22 percent improvement in the overall loyalty index from 56 percent to 78 percent. While considerable improvements were reflected in areas such as service support, price/value and brand image, the need to improve expected resolution time on issues management was highlighted.

**Customer feedback:**

"Couldn’t be happier with the service! Very pleased."

"Would be great if invoices could be emailed."

In 12/13, our planned improvements include:

Revisiting the methodology of this survey approach, to maximize our sample size confidence levels. The year-on-year results over 4 years of surveying have moved around significantly, positively and negatively. Although we are yet to implement the enhanced CSAS issues management system, we will instigate root causal analysis of the reasons for extended issues resolution.

**Office customer satisfaction**

In 11/12 our overall satisfaction declined slightly from 97 percent to 95 percent; however the percentage of very satisfied customers rose from 47 percent to 49 percent in the same period.

While we have seen improvements in the levels of customer satisfaction in machine delivery and installation and the management of customer invoicing, there continue to be opportunities for process improvement and implementation of solutions in other customer facing operational areas.

**Customer feedback:**

“Didn’t need any training; works beautifully, does its job, simple to use…very happy.”

“Lots of different people dealt with the process of ordering and installing.”

In 12/13, our planned improvements include:

The combination of a range of training initiatives, the addition of more resources, and system improvements should result in an improved level of service for our customers in the administration of their accounts and invoices.

Over the next 24 months, Project Shakespeare will start to deliver system support to enterprise wide business processes, addressing the areas where current systems hamper our ability to respond to our customer requirements in the identified areas of concern.
Customers

Office customer satisfaction

<table>
<thead>
<tr>
<th>Year</th>
<th>Very dissatisfied</th>
<th>Dissatisfied</th>
<th>Satisfied</th>
<th>Very satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/12</td>
<td>4</td>
<td>49</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>10/11</td>
<td>2</td>
<td>47</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>09/10</td>
<td>5</td>
<td>42</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td>08/09</td>
<td>8</td>
<td>46</td>
<td>44</td>
<td></td>
</tr>
</tbody>
</table>

Office net promoter score

We have seen continual improvement in our net promoter score rating, with the 11/12 result of 42 percent reflecting a significant majority of promoters over detractors in relation to recommending our brand.

Customer feedback:
“We decided to outsource to you so that we could get a better service at a lower cost. Our in-house print centre wasn’t very effective and you have certainly changed the perception by running an efficient and well received operation.”

In 12/13, our planned improvements include:
• Capability development across our sales and services teams to build analytical skill to support greater proactive business advisory focus.
• Capability development across our services teams to improve our ability to respond proactively to client requests and needs.
• Structural realignment to provide stronger teamwork in providing ongoing services to our customer base.

In this past year, the number of end users surveyed across our customer sites was 5,138 across more than 48 different customers.

In keeping with the previous year’s initiative around goal alignment, the operations management team had 50 percent of their variable pay plan measured on the improvement in customer experience. We believe this is a vital improvement that ensures employees focus on delivering ongoing value to our customers.

Global Services customer satisfaction

In addition to our standardised online survey, 11/12 has seen the rollout of our key contact survey that comprises a formally scheduled meeting with key customer 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 the past year we have conducted 19 key stakeholder interviews nationally. Our very satisfied metric was 60 percent. This was a strong result given that this was our first year undertaking this additional form of customer engagement.

Office Services customer satisfaction

In 11/12 our very satisfied metric declined by 4 percentage points to 36 percent. This was a disappointing result which was impacted by an internal project that saw no customer satisfaction surveys conducted until the last half of the year. This restricted our common practice of implementing continuous improvement initiatives based on the customer feedback received and assessing their effectiveness through follow-up surveying.
Customer feedback:

“*My office printer gets a good workout and it is a little frustrating when it fails — but this is not very often and has been fixed very quickly when this has happened.*”

Our planned 12/13 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 alignment to promote stronger internal teamwork in providing ongoing Office Services to our customer base.

Print Services customer satisfaction

In 11/12 we improved our very satisfied metric by 6 percentage points to 74 percent. This was a strong result given that our result in this metric has remained consistent at 68 percent for the previous two years.

We have observed that while our results continue at very high levels, our challenge is to increase our value add to our customers in a dynamically changing environment. It is in this context we believe we must develop greater efficiencies and broader printing based solutions to complement our current offerings. Enhancements to our online workflow solution, performance measurement and reporting frameworks plus the development of standardised operational practices remain examples of such key improvements.
Customers

Customer feedback:
“I love the attention to detail and how the print centre completes job requests. I also appreciate being able to email or send hard copies of material to be copied. All in all an excellent service that gives me time to focus on other things.”

Our planned 12/13 improvements involve:
- Investment in operational program management resources to build Print Services capabilities and standard practices.
- Technology platform investment to further promote real time collaboration supporting continuous improvement.
- Capability development of our management team to build analytical skills to support greater proactive business advisory focus.
- Provision of specific user-based campaigns to build awareness of service offerings.
- Streamlining our operational process to drive efficiency of output without compromising quality and customer satisfaction.

Creative Services customer satisfaction
In 11/12 our very satisfied metric declined by 50 percentage points to 30 percent. This was a disappointing result given that this year we were able to complete end user surveys over a much larger sample size than the previous year which meant that our end users were fairly represented.

Much effort has been focused over the past twelve months on defining our standard operational delivery model for the provision of Creative Services. We believe this result was impacted by an internal project that saw no customer satisfaction surveys conducted until the last half of the year. This restricted our common practice of implementing continuous improvement initiatives based on the customer feedback received and assessing their effectiveness through follow-up surveying.

Customer feedback:
“I am quite satisfied. The service always meets my needs.”

Our planned 12/13 improvements involve:
- Investment in developing our studio systems to further promote real time inter-studio collaboration supporting continuous improvement.
- Ongoing capability development of our studio teams to ensure we are aligned and up to speed with new innovations in the graphic design market.
- Provision of specific user-based campaigns to build awareness of service offerings.

Mail Services customer satisfaction
In 11/12 we improved our very satisfied metric by 13 percentage points to 64 percent. This was a strong result given that our result in this metric has remained consistent at 51 percent for the previous two years. Our challenge is to continue to consult with customers on innovative ways to enhance the distribution of key documents inside and outside of their organisations. Increased focus on this key area will be required to build upon the sound service delivery achieved to date.

Customer feedback:
“All of the boys in the mail room are fantastic. Fabulous customer service and always willing to go the extra mile. It is a pleasure working with all of them.”

Our planned 12/13 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 and formalised action planning of specific continuous improvement initiatives to focus our Professional Services effort on existing customers.
Business Process Services customer satisfaction

The Business Process Services (BPS) customer satisfaction surveys returned an amazing result for 11/12. Overall, 98 percent of our customers confirmed that they are satisfied and most notably 71 percent confirmed that they are very satisfied which represents a 27 percent increase on last year and a 49 percent increase over the last 3 years. The very satisfied target of 50 percent was well and truly eclipsed. BPS customers are also satisfied with our ability to meet the service level agreements in both turnaround time and quality.

One of the key initiatives delivered last year was the iQuality program which demonstrates a clear and credible commitment to continuous improvement for our customers. We do this by providing dedicated people, process and technology to delivering improvements to every account and involving the customer every step of the way. Our challenge this year will be to mature and perfect the iQuality program and embed it into the culture of our business to improve on last year’s result.

Two key initiatives we have embarked on are:

1. ISO and security accreditations
   This process has involved the documentation and regular audit of all client based processes, technology and procedures with the purpose of ensuring they are efficient and quality focused. This initiative ties into our iQuality program as every validated improvement suggestion progressed as a change is documented and published accordingly and;

2. BPS private cloud
   This initiative will allow us to deliver IT services to new and existing customers in the most flexible and customer centric way possible. For new customers on-boarding timeframes will reduce dramatically, and for existing customers changes to existing IT services will be consolidated and simplified making the customer engagement smoother overall.
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.

11/12 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease customer support maintenance hours per million prints as per the following targets:</td>
</tr>
<tr>
<td>• Office colour to 19.8</td>
</tr>
<tr>
<td>• Office mono to 15.2</td>
</tr>
<tr>
<td>• Graphic Communications colour to 42.8</td>
</tr>
<tr>
<td>• Graphic Communications mono to 12.7.</td>
</tr>
<tr>
<td>Proportion of issues resolved without a site visit 58 %</td>
</tr>
<tr>
<td>Conduct a lifecycle analysis to quantify the impacts of on-site vs remote support and identify opportunities for improvement.</td>
</tr>
<tr>
<td>Implement recruitment and capability development strategies to ensure a highly skilled workforce.</td>
</tr>
<tr>
<td>Continue to monitor and improve net promoter score loyalty indicator for Office and Graphic Communications customers.</td>
</tr>
</tbody>
</table>

12/13 objectives

- Increase remote resolutions to 59 %
- Kilograms of carbon per on-site resolution not to exceed 54.0
- Kilograms of carbon per remote resolution not to exceed 8.4.
- Implementation of a strategy to reduce toner wastage.

The goal of our Customer Support Organisation (CSO) 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.

Lifecycle analysis of customer support

The CSO recently engaged the University of Sydney to conduct a lifecycle analysis (LCA) to measure the carbon footprint of the major components of our operation. It is expected that this will be used as the basis for measuring our contribution to environmental sustainability.

Two main observations have come from the initial report. The first is that the carbon cost of resolving customer issues on-site is approximately six times that of a remote resolution, and while the carbon cost per on-site resolution is increasing, the carbon cost per remote resolution remains unchanged.
This confirms the assumption that a key measure of our operation’s effectiveness — percentage of remote resolutions, aligns with our environmental objectives. The second main finding is that the provision of toner is the largest contributor of carbon emissions for the CSO. This has also presented an opportunity for the business as an area for significant saving. An initiative is underway to review how we manage consumables, particularly toner, with the reduction of waste as an important outcome.

**Making on-site support more environmentally efficient**

The choice of a new vehicle for the field services engineers was an important initiative in 10/11 in the reduction of our carbon footprint. The discontinuation of the Ford Falcon wagon has enabled us to identify the Ford Mondeo, with its 5-Star ANCAP rating and low carbon emissions of 165gms per kilometre, as the safest and most environmentally friendly option to replace our fleet of service vehicles. In June 11/12, Mondeos made up 52 percent of our total fleet, a significant increase from last year’s June total of 10 percent. Our investment in this accelerated fleet replacement program has been a major contributor to the CSO’s carbon reduction program.

**Remote service support**

To ensure we provide effective customer support, minimise our environmental impact, and maximise uptime, we aim to increase the percentage of resolutions achieved remotely rather than having to make a site visit. In 11/12 the total proportion of resolutions occurring over the phone or online was 58 percent, exceeding our target of 57 percent and improving on last year’s result of 56 percent.
The Fuji Xerox Customer Support Centre (CSC) based in Sydney, plays a key role in our remote support model. As our customers' first point of contact, this centre is responsible for ensuring all enquiries receive quick responses, and if possible, are resolved immediately. The CSC has been able to consistently achieve their industry benchmarked target of answering 80 percent of calls in 20 seconds. To ensure CSC operators are familiar with Fuji Xerox products, and have good customer service skills, initial training has been increased from two to four weeks. The CSC is also the first in the industry to employ an experienced field engineer to provide technical advice and mentoring to the operators, ensuring their continual improvement and the availability of additional support when required.

The support organisation is an integral part of Fuji Xerox Australia’s transformation to being a leading provider of business solutions. This transformation requires change across many facets of the operation, particularly the acquisition of new skills by our employees. For our National Technical Support centre, this has meant a significant, 40 percent growth in the number of employees over the past 18 months to provide the software and networking expertise our customers require. It has also meant the introduction of a team dedicated to providing technical support for the software solutions of specific customers.

In the area of field support, training has been used as a lead driver for our transformation into a solutions business, with 25 percent of engineers having networking skills compared with 10 percent last year. One of the immediate benefits is increased flexibility for equipment installations during peak times. Field engineers are able to effectively complete installations along with our existing teams of specialist installers. We have also introduced a new resource program that involves the recruitment of trainees with an IT background, to supplement the in-house training of our field support team. Initiatives such as these have enabled the transformation of our support organisation to include more solution and software based teams, and will be a continuing journey for the next few years.

Managed Print Services (MPS), which enables remote monitoring of devices, is a key initiative for Fuji Xerox Australia. It provides the customer with trouble free management of their fleet, and provides the support organisation with a tool to more effectively manage the assets in the field.
Over the past three years, the total percentage of issue resolutions occurring online has increased to 35 percent, the percentage of resolutions occurring over the phone has increased to 23 percent, and the percentage of on-site support resolutions has decreased to 42 percent. The increased percentage of remote resolutions has reduced the need for on-site calls, reducing costs and as shown by the LCA, enabled the CSO to avoid significant carbon emissions.
End-of-life

What is in this section?
Our approach to end-of-life resource recovery
Optimising end-of-life product return
Eco Manufacturing Centre
Advocating for extended producer responsibility

Image: equipment awaiting remanufacture at our Eco Manufacturing Centre in Rosehill, NSW.
**End-of-life**

**Our approach to end-of-life resource recovery**

<table>
<thead>
<tr>
<th>Direction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimise business and environmental outcomes from end-of-life resource recovery.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11/12 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue working with our parent company as part of continuous improvement.</td>
<td>We have been working with parent as an ongoing activity.</td>
</tr>
<tr>
<td>Complete transition to interim local recycling solution.</td>
<td>Our end-of-life systems were reviewed and interim local recycling processes implemented.</td>
</tr>
<tr>
<td>Continue developing systems for recycling in Australia and to comply with forthcoming regulations.</td>
<td>Worked with industry members to prepare the company for impending regulations. This is a work in progress and will continue in 12/13.</td>
</tr>
<tr>
<td>Secure Green Star certification aiming for a 5 Star Green Star — Office Interior v1.1 rating and a 4 Star Green Star — Industrial Design v1 rating.</td>
<td>Our Rosehill Eco Manufacturing facility is registered for Green Star certification aiming for a 5 Star Green Star — Office Interior v1.1 rating and a 4 Star Green Star — Industrial Design v1 rating. We expect to achieve certification by September 2012.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12/13 objectives</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Achieve net savings of $3.6m.</td>
<td></td>
</tr>
<tr>
<td>• Planned remanufacture of 180,000 parts.</td>
<td></td>
</tr>
<tr>
<td>• Continue developing the local recycling solution, taking account of the regulations commencing 1 July 2012 and the Product Stewardship Regulations.</td>
<td></td>
</tr>
<tr>
<td>• Secure Green Star certification of 5 Star Green Star — Office Interior v1.1 rating and a 4 Star Green Star — Industrial Design v1 rating for our Rosehill Eco Manufacturing facility.</td>
<td></td>
</tr>
</tbody>
</table>

**Fuji Xerox Company Limited** has established the integrated recycling system for the purposes of reusing parts and recycling of used products and consumables in Japan, China and Thailand that achieve over 99 percent resource recovery from our products at end-of-life. Recently, the company has also established recycling systems in South Korea, Australia and New Zealand to manage the recycling of end-of-life equipment and consumables with local recycling partners. In addition to these facilities and systems, Fuji Xerox Australia continues to operate its United Nations award-winning Eco Manufacturing Centre, dedicated to the remanufacture of parts and sub-assemblies for the local market since its foundation in 2000.

Although Fuji Xerox recycling centres and reverse logistics systems have always been diligently managed to reduce environmental risk, there are increasing concerns for waste crossing borders from Organisation for Economic Co-operation and Development (OECD) countries to developing nations. The adoption of the Basel Ban Amendment and regulations by each country on the export of hazardous waste is clear evidence of this. Since the foundation of Fuji Xerox Eco Manufacturing in Thailand in 2004, and Fuji Xerox Eco Manufacturing in China in 2008, all Fuji Xerox sales companies have been collecting used products and transferring them to these facilities. In January 2012, Fuji Xerox sales companies in South Korea, Australia and New Zealand started operations of the recycling systems with local partners, in accordance with the policies and guidance of the global recycling system division in Fuji Xerox.
Optimising end-of-life product return

As a leader in product stewardship we have invested significant resources in collecting and recycling our end-of-life products.

Commencing in 10/11 we appointed a full-time product stewardship manager and began a comprehensive assessment of our product returns systems and processes, including reverse logistics and local recycling options. This was mostly driven by the relocation of our Eco Manufacturing Centre (completed September 2011), but also informed by broader changes in stakeholder sentiment regarding the off-shoring of electronic waste.

These developments led to the establishment of an interim recycling solution using local recycling partners Close the Loop and Sims E-Recycling. In 11/12, we continued these activities to implement more efficient processes for responsible recycling of our products that meet both corporate objectives and imminent regulatory requirements. Further work to monitor and refine these processes will continue in 12/13 so that reductions in costs and carbon footprint can be achieved. Improvements to reporting are also required, including accurate and detailed measures for our end-of-life processes to help increase return rates and provide our customers and our regulators with specific end-of-life data.

Above are some of the parts, subassemblies and consumables that are typically remanufactured from a Fuji Xerox office device.
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 commenced to define improved procedures and measurement systems to ensure the volume of outgoing and returned products is appropriately recorded.

The introduction of federal e-waste regulation in November 2011 requires the company to provide audited annual reports for equipment recycling and work commenced on these requirements in 11/12. Under the new regulation for Product Stewardship (Televisions and Computers), the establishment of an approved arrangement servicing industry requirements provides a 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 utilised or responsibly disposed at our dedicated facilities or through recycling providers. Initial analyses of the data has identified gaps in knowledge that are being, and will continue to be addressed in 12/13, and also take account of the developing requirements of the regulations. As a starting point, our processes for recycling our products in Australia, commencing in second-half 2011, provided the experience to guide the shaping of longer-term processes and provide significant inputs to building measurement systems in 12/13.

End-of-life disposal data

In the year under review the total amount of end-of-life products gathered from our customers increased marginally from 3,461 tonnes in 10/11 to 3,494 tonnes in 11/12.

■ Parts and assemblies remanufactured in Australia
  Failed parts and assemblies removed from equipment during service and remanufactured at our Eco Manufacturing Centre decreased from 12.4 percent to 8 percent reflecting reductions in output from local remanufacture, and a loss of production for two to three months during the relocation to Rosehill.

■ Equipment recycled in Thailand
  End-of-life devices sent to the Fuji Xerox Integrated Recycling Centre in Thailand (under our Basel permit) decreased from 23.4 percent to 11 percent with exports ceasing upon expiration of the Basel permit and commencement of recycling in Australia.

■ Assets recovered in Australia
  Toner cartridges and bottles cleaned and refilled at our Eco Manufacturing Centre decreased from 3.7 percent to 1 percent. These asset recovered parts are used on a product nearing the end of its life with rapidly diminishing numbers in the field and we expect this program to be discontinued next year.

■ Parts and cartridges remanufactured or recycled in Thailand
  End-of-life parts and cartridges sent to the Fuji Xerox Integrated Recycling Facility (under our Basel permit) decreased from 23.6 percent to 7 percent.

■ Materials recycled in Australia
  Materials recycled in Australia increased from 34.1 percent to 70 percent reflecting the increased amount of equipment and consumables being sent for recycling in Australia instead of Thailand.

■ Materials land filled in Australia
  Materials that cannot be recycled or remanufactured increased slightly from 2.8 percent to 3 percent including surplus materials during the relocation that could not be further recycled.
Eco Manufacturing Centre

We are committed to ensuring that used equipment, parts and consumables are collected and where possible, remanufactured for reuse or recycled into their constituent materials. Our local Eco Manufacturing operation is a vital part of this commitment. In October 2011 the Eco Manufacturing Centre moved to a new site at Rosehill and in December the founder and head of the operation for 15 years, Dan Godamunne, announced his retirement. With these changes, the decision was made to integrate the Eco Manufacturing operation into the Customer Support Organisation.

The change provides the opportunity to leverage the capabilities within Eco Manufacturing more broadly across the business as well as enable the responsibility for the total end-of-life process to be coordinated within one team. This change has already yielded significant benefits, with a substantial reduction in the time taken to evaluate and test new remanufacturing programs.
In 11/12 the centre achieved a total cost benefit of $4.7 million and net saving of $2.2 million versus the cost of Xerox and Fuji Xerox supplied alternate parts. This was below our cost benefit target of $6.7 million. This can, in part, be explained by technological advancements which have driven the cost of components down while improving their reliability. This has meant the financial benefits from remanufacturing are not as significant as in the past. Other factors contributing to this result include the relocation downtime, as well as currency fluctuations and the recent strength of the Australian dollar—which have lowered the price of imported products and made remanufactured items less competitive through decreased margins. Despite these challenges, Fuji Xerox Australia’s ongoing commitment to remanufacturing is unquestionable, with the investment in a 10 year lease and $6 million fit-out for the Rosehill facility.

In 12/13 we anticipate meeting targets by:
- Focusing on high quantity high-savings margin products.
- Increasing effort to retrieve used parts that can be remanufactured.
- A focus on export taking account of currency fluctuations and assisting other operating companies to collect used parts for remanufacturing.

The focus for the Eco Manufacturing Centre will continue to be maximising the percentage of locally remanufactured parts used by Fuji Xerox Australia to act as a significant contributor to the overall product stewardship strategy.

The plan for 12/13 is to achieve a net saving of $3.6 million, however if the strength of the Australian dollar continues this will be a challenge. Despite these considerable challenges, remanufacturing parts will still continue to provide a financial saving, although at decreased levels than previously.
Advocating for extended producer responsibility

Fuji Xerox Australia has actively participated in industry activities that advance extended producer responsibility across our sector. We have been working closely with our peers from the Australian Information Industry Association (AIIA) over many years 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, (now the Department of Sustainability, Environment, Water, Population and Communities), national e-waste legislation was enacted in August 2011, and subsidiary legislation — the Product Stewardship (Televisions and Computers) Regulations 2011 came into effect 8 November 2011. We had resources focused on this work during 11/12, and significant work will continue in 12/13 to ensure we meet our obligations under the new regulations.

Subsequent to the Product Stewardship (Televisions and Computers) Regulations 2011, we are working closely with our industry association to ensure appropriate and effective processes are put in place that will meet both industry needs and the needs of the Regulator, 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 from these sectors.

The regulations include a requirement for liable parties to become or enter into an approved arrangement in order to comply with all regulatory requirements. Industry associations have been working towards establishing a joint industry body – the Australia and New Zealand Recycling Platform (ANZRP), which is intended to operate a product stewardship scheme on behalf of its members. The ANZRP commenced in March 2012 as a legal entity, and was also approved by the Regulator as an arrangement; it is intended to be a not-for-profit organisation for the mutual benefit of its members.

Our sister company, Fuji Xerox Printers’ obligations in the consumer, small home office and small business areas will be fulfilled through the ANZRP operations, ensuring compliance with regulations. Performance reporting to government will be done by ANZRP on behalf of all its members. We will continue to manage our own end-of-life programs; however the ANZRP will collate performance reports for regulatory purposes.

Natural resources like ore, bauxite and oil are manufactured into raw materials.

Raw materials like steel, plastic, rubber and glass are manufactured from natural resources.

Supply chain: consumables and new parts are manufactured from raw materials.

Products contain new and remanufactured parts.

Customers can make use of a collection and cartridge recycling program.

Recycling of some end-of-life equipment and cartridges through local third parties.

Collection of end-of-life devices, parts and consumables from the customer.

Sorting and disassembly of consumables and devices for recovery and recycling.

Disposal of parts and consumables that go to landfill are minimised through resource recovery.

Remanufacturing, recovery and reuse of parts at the Eco Manufacturing Centre.

Product stewardship lifecycle.
Appendices

What is in this section?
Independent assurance statement
Summary performance table
Global Reporting Initiative 3.1 content index
Upstream Print Solutions sustainability summary

Image: ‘Realisation in memories’ by Michael Ly, Business Analyst, Macquarie Park, NSW.
Independent assurance statement

To the Management 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 2012’ (the Report). The Report presents Fuji Xerox Australia’s sustainability performance over the period 1 April 2011 to 31 March 2012.

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 based on 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 level 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:

- Occupational health and safety
- Human resources
- Product end-of-life
- Paper sourcing
- Environment
- Community.

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. The majority of interviews with data owners were conducted face-to-face at Fuji Xerox Australia’s Macquarie Park Head Office and Homebush Office and, only where required, by phone.

Assurance methodology

The assurance engagement was undertaken between June and July 2012, and involved:

- Interviews with selected levels of management to understand how sustainability is integrated within the business. Interviewees included: the Managing Director; Executive General Manager Corporate Affairs; Head of Regional Sustainability Fuji Xerox Asia-Pacific; Manager Customer Satisfaction and Quality; Executive General Manager Supply Chain; Planning and Strategy Manager; Corporate Communications Manager; Executive General Manager/Chief Marketing Officer; Customer Support Business Manager and; the Corporate Counsel.
- A review of the Fuji Xerox Australia materiality process and materiality register using the five-part materiality test.
- A review of the 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 100 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 five years.

Findings and conclusions

Adherence to AA1000 Principles

Inclusivity

Fuji Xerox Australia engages a range of stakeholders internally and externally to the business to help inform decision making and to formulate effective responses to external views. This year we have observed a number of improvements, and noted continued focus in two key areas that address prior audit recommendations:

1. Increased identification and incorporation of sustainability risks and opportunities into business strategies and plans.
2. Developing a Risk Management Framework, implementing a Risk Committee and, identifying corporate risks that are communicated and addressed by the business on a regular basis.

Materiality

Net Balance found Fuji Xerox Australia addressed its sustainability material issues including, but not limited to paper sourcing, environmental management, supply chain, community, safety and human resources. The process to identify material issues included: engaging internal representatives from across the business; weighting material issues based on defined criteria and; engaging the Sustainability Advisory Board to review the weighted issues and discuss the potential linkages with the Risk Management Framework. Net Balance would like to see process improvements in materiality in two key areas:

1. The inclusion of Upstream in key indicators such as workforce, occupational health and safety (OHS), customer satisfaction and environmental performance.
2. Increased focus on sustainable procurement actions and performance.

Responsiveness

Fuji Xerox Australia is committed to responding to issues raised by stakeholders. This is best reflected in four key areas:

1. Increasing strategic focus to respond to material current and emerging issues and stakeholder needs;
2. Increasing the awareness of OHS and improving the OHS procedures within the business to help elevate OHS discussions across the organisation from the Executive through to operational sites;
3. Working with the Fuji Xerox regional office and environmental groups to develop an appropriate response to the APRIL expose and securing an alternative supply of responsible paper; and
4. Conducting an enterprise wide risk management review and developing a corporate framework to improve the assessment and responsiveness to key risks. The risk review and framework was also presented to the Sustainability Advisory Board to help inform the sustainability materiality assessment.

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.
- 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.
Sustainability strategy and Sustainability Advisory Board
With the development of the new Fuji Xerox Australia corporate strategy and to meet the changing needs of the business, there is an opportunity to refresh the sustainability strategy. Net Balance also suggests a review of aspects of the Sustainability Advisory Board (SAB) by reviewing the roles and responsibilities of the SAB to identify how the Board can best serve the needs of Fuji Xerox Australia in connecting sustainability to the broader business while meeting the emerging needs of the market; and revising the make-up of the Board to better reflect Fuji Xerox Australia’s stakeholders (including Fuji Xerox, customers, partners, employees and community in addition to sustainability professionals) to enable a range of views to be included in shaping the sustainability strategy and its connection to deliver value to the business.

OHS
Net Balance recognises the significant improvements to managing OHS at Fuji Xerox Australia over the past year and believes further actions are required to ensure all safety management systems and procedures are in compliance with the new OHS harmonisation laws; the business has oversight of OHS performance at Upstream and; robust systems are in place to improve transparency of information disclosed and minimise the potential for error.

Environment
Fuji Xerox Australia has a strong environmental stewardship focus, continuing to manage its environmental impacts in a proactive manner and play a leading role in terms of resource efficiency. Net Balance believes the business can improve its current environmental performance management practices by further strengthening the calculation and review processes behind its data capture and storage systems to enhance the quality and veracity of information disclosed to its stakeholders. It will also be important that future reports provide a more complete inclusion of environmental data from the Upstream business. Opportunities also exist in waste reduction and container optimisation in inbound supply.

Paper sourcing
Fuji Xerox Australia requires that suppliers of copy paper meet specific minimum standards as well as demonstrate that programs are in place to achieve the highest international environmental standards. As part of the annual declarations provided by paper suppliers, Fuji Xerox Australia collects environmental performance data over a range of measures. With three years of data, Net Balance would like to see Fuji Xerox Australia further progress the implementation of the Paper Standard by benchmarking performance data for each site to identify trends in performance; providing feedback to suppliers to help inform improvement actions plans and requiring suppliers to provide supporting documentation with their annual declarations to improve transparency and accountability of performance. Our findings and recommendations are discussed in more detail in Net Balance’s report to Fuji Xerox Australia Management.

On behalf of the assurance team,

Terence Jeyaretnam, FIEAust
Director, Net Balance & Lead CSAP (IRCA UK)
Melbourne, Australia
8 August 2012

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>Business performance (page 22)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direction</strong></td>
</tr>
<tr>
<td>To be the leader in providing the Australian market with integrated document services.</td>
</tr>
<tr>
<td><strong>11/12 objectives</strong></td>
</tr>
<tr>
<td>16.8% growth in total revenue across Fuji Xerox Australia (includes acquisitions).</td>
</tr>
<tr>
<td><strong>12/13 objectives</strong></td>
</tr>
<tr>
<td>9.4% growth in total revenue across Fuji Xerox Australia over prior years.</td>
</tr>
</tbody>
</table>
# Summary performance (continued)

## Employee engagement (page 30)

### Direction

We aim to ensure that Fuji Xerox Australia has the people, culture and capability required to deliver our vision, mission and business objectives for 2015. This means that we are working on optimising the business model at the same time as we transform for the future.

### 11/12 objectives

<table>
<thead>
<tr>
<th>Target improvement in overall engagement to 62%</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall engagement increased to 61%. An increase on the prior year’s result of 57%.</td>
<td></td>
</tr>
</tbody>
</table>

Focus groups will be conducted primarily by managers and with action plans prepared to address issues that arise.  

### 12/13 objectives

- Target improvement in overall engagement to 65%.
- Develop objectives and key milestones for diversity and inclusivity steering committee.
- Continue our focus on improving management capability through formal and informal interventions.
- Refine and update employee value proposition to align internal and external brands.
- Implement recruitment transformation objectives.
- Review and improve the on-boarding process for new hires and internal appointments.

## Health and safety (page 35)

### Direction

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

### 11/12 objectives

<table>
<thead>
<tr>
<th>Implement the health and safety strategic plan.</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultation, communication and systems established.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Target LTIFR of eight with greater confidence in accurate data.</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTIFR of 6 achieved.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Streamline injury management processes to reduce lost time injuries and claims timeframes to minimise personal impact of injuries to employees.</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will remain and ongoing focus.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deliver a health and safety management system that is in line with legislative requirements.</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our system built to align with ASA/NZS 4801 standards was released nationally and training conducted to ensure implementation by safety committees and management. With the harmonisation legislation released 1 January 2012, the safety team are revising the system to meet this change.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Improve health and safety communications and access to resources through web developments.</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved communication and available resources. Will be an ongoing focus.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase reporting on all hazards, incidents, injuries and near misses to identify all risks and implement appropriate corrective actions and further reduce risk.</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refreshed our health and safety intranet page. Monthly reports released with root causes, and appropriate corrective actions identified and timeframes to close out monitoring. Data confirms a 65% increase in these reports in the period.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Continue safety training to management and safety committee members</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>All states have participated in training, and we have ensured we captured a wider group of executives, senior and middle management, health and safety committee members, our health and safety representative and employees.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Release a new employee safety induction program</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A health and safety induction handbook was released. The National Safety Team conducted 41 training sessions in the period, with 345 employees attending.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Improve dashboard reports to executive and divisional management and employees.</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>The monthly dashboard report provides a comprehensive breakdown of health and safety data and shows trends in incidents and injuries related to workers failing to follow safe operating procedures and of a behavioural nature.</td>
<td></td>
</tr>
</tbody>
</table>

### 12/13 objectives

- Improve safety culture through the encouragement of transparent reporting of hazards and near-miss incidents, increased site audits and functional risk profile reviews. In 12/13 we are targeting a 10% increase in reporting of hazards and incidents that could lead to injuries. Our LTIFR target is <6.0.
- Support improved management reporting capabilities and return to work injury management program through investment in a new online case management system.
- Implement all core elements of our health and safety system across our subsidiary company, Upstream.
- Improve safe work practice outcomes for our employees working on customer sites and contractors working on our sites.
- With the harmonisation legislation released 1 January 2012, the safety team are revising our health and safety management system to meet this change.
## Summary performance (continued)

### Community engagement (page 38)

#### Direction
- Contribute to positive outcomes for the communities in which we operate through education programs for disadvantaged youth.
- 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.

#### 11/12 objectives
<table>
<thead>
<tr>
<th><strong>How did we do?</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continue to support and participate in the development of the United Way community impact model.</strong> Senior leaders and middle management participate in United Way's Regional Councils, Income Coalition, Community Impact Round Table and mentoring programs to contribute expertise, knowledge and experience. Funds of $25k were contributed to Phase 1 of United Way’s Community Impact work in Sydney in the reporting period.</td>
</tr>
<tr>
<td><strong>Develop closer ties with nominated education charities through United Way and expand volunteering opportunities with an education focus.</strong> United Way, in partnership with the Beacon Foundation, identified a number of opportunities to harness our employees’ skills to support youth transitioning from school to work to realise their potential. Pilot programs being conducted in 12/13.</td>
</tr>
<tr>
<td><strong>Deploy United Way Workplace Giving campaigns across the business with a view to increasing participation rate to 10%.</strong> During the reporting period 154 employees contributed $35,698 through Workplace Giving, resulting in a total donation of $70,996 (including corporate matching). The average participation rate was 7.5% however donations increased 16% in total value over prior year.</td>
</tr>
<tr>
<td><strong>Continue to expand ABCN activity.</strong> Number of schools supported increased 70%. Number of mentors participating in programs increased 40%. Number of volunteering hours increased by 80%.</td>
</tr>
<tr>
<td><strong>Refresh the Community Service Awards program communications and promotion.</strong> $60.5k in grants and 53 additional days of volunteer leave were granted and distributed to 29 Fuji Xerox Australia employees to enable them to provide greater support to their community organisation of choice. This was an increase in participants and support over prior year where we granted $52.5k and 27 additional volunteering days to 18 employees.</td>
</tr>
</tbody>
</table>

#### 12/13 objectives
- Pilot shared value programs where the specific industry and business skills of our people can be of greatest benefit:
  - Service technician’s education program for year 10 students.
  - Supply chain logistics program to develop skills, employment and mentoring opportunities for disadvantaged young people.
  - Pilot a sustainability education program in collaboration with the Australian Business and Community Network (ABCN) and the Australian Sustainable Schools Initiative (AuSSI).
  - Increase leadership and management engagement in our community programs and with our national partners, exploring links between capability development for our employees and social leadership programs.
  - Measure and increase economic benefit from our community engagement program.
### Summary performance (continued)

#### Environmental strategy and management (page 46)

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

**11/12 objectives**

<table>
<thead>
<tr>
<th>Objective</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review how well we have engaged employees on environmental sustainability.</td>
<td>While qualitative insights have been gathered informally we plan to conduct a broader sustainability survey in 12/13.</td>
</tr>
<tr>
<td>Develop strategies to engage parts of the business with high impact/opportunity and build their ownership and capability.</td>
<td>We have undertaken lifecycle assessment of the Customer Support Organisation (CSO) in order to analyse carbon emission changes from business optimisation strategies.</td>
</tr>
<tr>
<td>Update Sustainability on Site (SOS) training and revise our sustainability communications approach with employees.</td>
<td>Transitioned the existing SOS online induction training to the new e-learning platform.</td>
</tr>
<tr>
<td>Sustainability committees created in appropriate locations.</td>
<td>This project has been piloted with a ‘green team’ established in Melbourne.</td>
</tr>
<tr>
<td>Cascade SOS to nominated service centres on customer sites.</td>
<td>We have initiated a pilot program with the corporate service centre at North Ryde. This will serve as a replicable model for Fuji Xerox Global Service customer sites.</td>
</tr>
</tbody>
</table>

**12/13 objectives**
- Undertake a comprehensive assessment of employee engagement in sustainability.
- Review whether the green team approach is positively impacting employee engagement.
- Work with Supply Chain operations to develop a carbon logistics strategy.
- Work with Global Services division to embed sustainability in operational delivery framework for onsite customer service centres.
- Develop a strategy to build capability across various business divisions with initial focus on the sales and marketing audiences.

#### Carbon management (page 48)

**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’).

**11/12 objectives**

<table>
<thead>
<tr>
<th>Objective</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review carbon reduction target across scopes 1, 2 and 3.</td>
<td>This objective was not achieved due to challenges in collecting and retaining scope three data, however a new target was framed for scope 1 and 2.</td>
</tr>
<tr>
<td>Develop a decision matrix to evaluate carbon reduction projects.</td>
<td>Decision matrix developed and used to approve 11/12 carbon fund investments</td>
</tr>
<tr>
<td>Embed carbon criteria in the decision making framework of our Project Management Office.</td>
<td>This step has not been undertaken however the objective will be included in the carbon modelling and forecasting project.</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>
<td>We have implemented an office lighting upgrade at our national warehouse. We have used the decision matrix to assess and approve other carbon reduction projects such as the building management and control system for the epicenter™.</td>
</tr>
<tr>
<td>Assess carbon risk in the supply chain and develop strategy to reduce carbon intensity in high-risk areas.</td>
<td>Started development of emissions management model with large paper supplier.</td>
</tr>
</tbody>
</table>

**12/13 objectives**
- Explore how to integrate carbon as a criterion in capital expenditure approvals.
- Achieve 5% reduction in scope 1 and 2 emissions reduction in 12/13 on 11/12 levels.
- SCO warehousing and logistics partners to work towards industry best practice in carbon per square meter and unit delivered.
- Implement and monitor emissions management plan with largest paper supplier, UPM Kymmene.
## Summary performance (continued)

### Waste management (page 52)

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

#### 11/12 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete and roll out national waste contract.</td>
</tr>
<tr>
<td>Provide increased recycling facilities at all sites.</td>
</tr>
<tr>
<td>Expand bi-annual waste audits to all shared tenancy sites.</td>
</tr>
</tbody>
</table>

#### 12/13 objectives

- Develop new waste management procedure encompassing relocations and site clean-ups.
- Review waste audit frequency and focus at Supply Chain operations and Eco Manufacturing Centre and develop strategies to improve diversion areas.

### Water use (page 54)

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

#### 11/12 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meter water consumption at the Eco Manufacturing Centre.</td>
</tr>
<tr>
<td>Ensure all sites have basic water efficiency measures installed such as flow regulators in all bathroom fittings.</td>
</tr>
</tbody>
</table>

#### 12/13 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 (page 55)

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

#### 11/12 objectives

<table>
<thead>
<tr>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce internal paper use by 1% on 10/11 use.</td>
</tr>
<tr>
<td>Implement a device consolidation and upgrade at our corporate office to provide a better platform for print efficiency.</td>
</tr>
<tr>
<td>Complete the review of paper use and share findings with employees responsible for paper purchase.</td>
</tr>
<tr>
<td>Eliminate the use of non-certified virgin papers.</td>
</tr>
</tbody>
</table>

#### 12/13 objectives

- ‘Own Best Customer’ initiative implemented at all sites over 12/13 and 13/14.
- Achieve 15% reduction in paper use subsequent to My Prints print functionality being implemented by 13/14.
- Change paper use accounting in line with My Print technology.
- Eliminate the use of non-certified virgin papers.
## Summary performance (continued)

### Responsible procurement (page 59)

**Direction**

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

<table>
<thead>
<tr>
<th>11/12 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruit a national procurement manager who will develop a mentoring and coaching approach to procurement across the business.</td>
<td>Recruitment of a national procurement manager held off for consideration within overall corporate structure.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12/13 objectives</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Recruit a national procurement manager</td>
<td></td>
</tr>
<tr>
<td>• Integrate a wider assessment of procedural and sustainability risk assessment with suppliers in areas of quality, sustainability and workplace health and safety.</td>
<td></td>
</tr>
</tbody>
</table>

### Responsible paper sourcing (page 61)

**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>11/12 objectives</th>
<th>How did we do?</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>Our executive general manager, Supply Chain has been actively involved in the review of our regional paper procurement policy. New audit process and enhanced sustainable paper procurement guidelines implemented. Paper suppliers have been audited, comply and have action plans in place. The last mill audit to be undertaken is scheduled for August 2012.</td>
</tr>
</tbody>
</table>

| 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 is likely there will be a strong focus on carbon. | Internal paper supplies training sessions have been held. We also held sessions for our sales people on our new carbon neutral paper stock and the associated carbon offset programs. These were conducted by the Carbon Reduction Institute. Educational material has been developed and now forms part of induction for new employees. |

| Continue to secure 100% paper supplier compliance with minimum standards and drive supplier improvements. | All our paper suppliers’ mills are accredited to ISO 9001 and ISO 14001, and all 13 mills using non-recycled materials have FSC or PEFC chain of custody certification as at March 2012. We request compliance data from all suppliers, in line with our standards. All 14 mills supplying the Australian market meet or exceed our minimum standards. |

| Bring carbon neutral paper to market. | Carbon neutral paper stock launched in January 2012. |

| Out of total paper sales 85% to be FSC / PEFC certified, recycled or carbon neutral stocks. | We achieved 60%. |

<table>
<thead>
<tr>
<th>12/13 objectives</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Target of 85% of paper supplies sold in 12/13 to be FSC / PEFC certified, recycled or carbon neutral stocks.</td>
<td></td>
</tr>
<tr>
<td>• Review use of local and regional sourcing policy with paper suppliers.</td>
<td></td>
</tr>
<tr>
<td>• Continue to secure 100 % paper supplier compliance with minimum standards and drive supplier improvements.</td>
<td></td>
</tr>
</tbody>
</table>
### Summary performance (continued)

#### Managing carbon with logistics suppliers (page 64)

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

<table>
<thead>
<tr>
<th>11/12 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete implementation of the environmental intelligence system for logistics.</td>
<td>External consultant retained to drive process for implementation in 12/13</td>
</tr>
<tr>
<td>Supply Chain Operations will review our national footprint, storage and transport requirements.</td>
<td>National footprint and storage requirements reviewed and improvement plan defined for implementation in 12/13. Transport requirements review ongoing from warehouse plan implementation.</td>
</tr>
<tr>
<td>Pursue efficiency through warehouse space utilisation project and container optimisation, and extend slip sheeting for paper supplies to Brisbane, Adelaide and Perth.</td>
<td>Conducted warehouse space utilisation review and improvement plan defined for implementation in 12/13. Reviewed slip sheeting and determined additional handling cost is prohibitive. Slip sheeting now restricted to customer-specific direct deliveries.</td>
</tr>
<tr>
<td>Reduce airfreight for our imports and domestic distribution where possible.</td>
<td>Domestic airfreight volumes reduced by 20%. Import airfreight volumes increased significantly due to supply constraints at origins (Japan earthquake, Thailand floods etc).</td>
</tr>
<tr>
<td>Re-engineer asset recovery process for equipment to decrease the storage of used equipment.</td>
<td>Asset recovery volumes increased, with no overall reduction in storage of used equipment.</td>
</tr>
</tbody>
</table>

#### 12/13 objectives
- Complete implementation of the environmental intelligence system for logistics.
- Implement national footprint and storage requirements plan, migrating to efficient facilities sized and located appropriately for our business.
- Improve space utilisation through better data management.
- Improve transport cost and emission outcomes through implementation of a domestic distribution requirements strategy.

### Customer experience strategy (page 74)

**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>11/12 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>Consultants retained to assist a Lean Design project team in defining and implementing a companywide customer experience strategy.</td>
</tr>
</tbody>
</table>

#### 12/13 objectives
- Commission a consultant report on overall customer experience strategy.
- Commence implementation through targeted prototyping within discrete markets.
### Summary performance (continued)

#### Customer satisfaction (page 75)

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

<table>
<thead>
<tr>
<th>11/12 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve overall Office customer satisfaction index of 95%, including 40% very satisfied.</td>
<td>Met 95% overall satisfied, including 49% very satisfied.</td>
</tr>
<tr>
<td>Achieve overall Graphic Communications customer satisfaction index of 95%, including 40% very satisfied.</td>
<td>Not met Due to the focus on defining a new customer experience strategy, the annual Graphic Communications survey was not conducted in 11/12.</td>
</tr>
<tr>
<td>Achieve a 10% improvement in our competitive benchmarking score (CBS).</td>
<td>Not met Overall CBS loyalty index improved 22%, with a 14% increase in overall satisfaction.</td>
</tr>
<tr>
<td>Meet Office Services, Creative Services, Mail Services and Print Services targets.</td>
<td>Met Office services achieved 94% overall satisfaction of which 36% were very satisfied.</td>
</tr>
<tr>
<td>Continue to monitor and improve net promoter score loyalty indicator for Office and Graphic Communications customers.</td>
<td>Met Improved from 38% to 42% in 11/12 with our Office customers. There was no Graphic Communications survey.</td>
</tr>
</tbody>
</table>

**12/13 objectives**
- Achieve overall Office customer satisfaction index of 95%, including 50% very satisfied.
- Achieve 70% loyalty in competitive benchmarking survey.
- Achieve 40% net promoter score in Office survey.
- Implement a quality practice framework to facilitate structured continuous improvement initiatives across Global Services, to deliver exceptional customer satisfaction and client retention greater than 97%.

#### Customer support (page 82)

**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>11/12 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
</table>
| Decrease customer support maintenance hours per million prints as per the following targets:  
  - Office colour to 19.8  
  - Office mono to 15.2  
  - Graphic Communications colour to 42.8  
  - Graphic Communications mono to 12.7. | Met Office colour actual 19.4.  
  - Office colour mono actual 15.5.  
  - Graphic communications colour actual 47.  
  - Graphic communications mono actual 12.9. |
| Increase the proportion of customer issues resolved without a site visit to 57%. | Met Proportion of issues resolved without a site visit 58%. |
| Conduct a lifecycle analysis to quantify the impacts of on-site vs remote support and identify opportunities for improvement. | Met Achieved using the optimum hybrid analysis method. |
| Implement recruitment and capability development strategies to ensure a highly skilled workforce. | Met Twenty-five percent of the existing workforce is trained in Office Solutions Basic in order to perform end-to-end installation activities and this is growing. We have introduced a traineeship in Certification 4 in IT. Thirty percent of the existing CSO management team has completed a leadership course to enhance capability. |
| Continue to monitor and improve net promoter score loyalty indicator for Office and Graphic Communications customers. | Met Improved from 38% to 42% in 11/12 with our Office customers. There was no Graphic Communications survey. |

**12/13 objectives**
- Increase remote resolutions to 59%.
- Kilograms of carbon per on-site resolution not to exceed 54.0.
- Kilograms of carbon per remote resolution not to exceed 8.4.
- Implementation of a strategy to reduce toner wastage.
## Summary performance (continued)

### End-of-life resource recovery (page 88)

**Direction**

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

<table>
<thead>
<tr>
<th>11/12 objectives</th>
<th>How did we do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue working with our parent company as part of continuous improvement.</td>
<td>We have been working with parent as an ongoing activity.</td>
</tr>
<tr>
<td>Complete transition to interim local recycling solution.</td>
<td>Our end-of-life systems were reviewed and interim local recycling processes implemented.</td>
</tr>
<tr>
<td>Continue developing systems for recycling in Australia and to comply with forth coming regulations.</td>
<td>Worked with industry members to prepare the company for impending regulations. This is a work in progress and will continue in 12/13.</td>
</tr>
<tr>
<td>Secure Green Star certification aiming for a 5 Star Green Star — Office Interior v1.1 rating and a 4 Star Green Star — Industrial Design v1 rating.</td>
<td>Our Rosehill Eco Manufacturing facility is registered for Green Star certification aiming for a 5 Star Green Star — Office Interior v1.1 rating and a 4 Star Green Star — Industrial Design v1 rating. We expect to achieve certification by September 2012.</td>
</tr>
<tr>
<td>201,750 parts remanufactured and 40 new remanufacture programs.</td>
<td>121,969 parts remanufactured and 22 new remanufacturing programs created.</td>
</tr>
<tr>
<td>$6.7m local benefit through costs saved.</td>
<td>$4.1m cost benefit, and $2.2m net saving achieved*.</td>
</tr>
</tbody>
</table>

*In 12/13 and beyond, the Eco Manufacturing cost benefit will be measured as a net saving.

### 12/13 objectives

- Achieve net savings of $3.6m.
- Planned remanufacture of 180,000 parts.
- Continue developing the local recycling solution, taking account of the regulations commencing 1 July 2012 and the Product Stewardship Regulations.
- Secure Green Star certification of 5 Star Green Star — Office Interior v1.1 rating and a 4 Star Green Star — Industrial Design v1 rating for our Rosehill Eco Manufacturing facility.
## Global Reporting Initiative 3.1 content index

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Where it is in report</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy and analysis</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Statement from our managing director</td>
<td>Foreword</td>
</tr>
<tr>
<td>1.2</td>
<td>Description of key impacts, risk and opportunities</td>
<td>Foreword</td>
</tr>
<tr>
<td><strong>Organisational profile</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Name of organisation</td>
<td>Front cover</td>
</tr>
<tr>
<td>2.2</td>
<td>Primary products and services</td>
<td>Our organisation</td>
</tr>
<tr>
<td>2.3</td>
<td>Operational structure</td>
<td>Report boundary, parentage</td>
</tr>
<tr>
<td>2.4</td>
<td>Location of headquarters</td>
<td>Our organisation</td>
</tr>
<tr>
<td>2.5</td>
<td>Countries where we operate</td>
<td>Report boundary</td>
</tr>
<tr>
<td>2.6</td>
<td>Ownership and legal form</td>
<td>Parentage</td>
</tr>
<tr>
<td>2.7</td>
<td>Markets served</td>
<td>Our customers</td>
</tr>
<tr>
<td>2.8</td>
<td>Scale of the reporting operation</td>
<td>Business performance</td>
</tr>
<tr>
<td>2.9</td>
<td>Significant changes</td>
<td>Business performance</td>
</tr>
<tr>
<td>2.1</td>
<td>Awards received</td>
<td>Foreword</td>
</tr>
<tr>
<td><strong>Report parameters</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Reporting period</td>
<td>About our report</td>
</tr>
<tr>
<td>3.2</td>
<td>Date of most recent report</td>
<td>About our report</td>
</tr>
<tr>
<td>3.3</td>
<td>Reporting cycle</td>
<td>About our report</td>
</tr>
<tr>
<td>3.4</td>
<td>Contact point</td>
<td>Contents — availability of our report</td>
</tr>
<tr>
<td>3.5</td>
<td>Process for defining report content</td>
<td>Embedding sustainability</td>
</tr>
<tr>
<td>3.6</td>
<td>Boundary of the report</td>
<td>Report boundary</td>
</tr>
<tr>
<td>3.7</td>
<td>Statement of specific limitations</td>
<td>Report boundary</td>
</tr>
<tr>
<td>3.8</td>
<td>Basis for reporting on joint ventures, subsidiaries, etc</td>
<td>Report boundary</td>
</tr>
<tr>
<td>3.9</td>
<td>Data measurement techniques</td>
<td>See data and various footnotes</td>
</tr>
<tr>
<td>3.1</td>
<td>Re-statements</td>
<td>See data and various footnotes</td>
</tr>
<tr>
<td>3.11</td>
<td>Significant changes from previous reports</td>
<td>Upstream addendum and inclusion in data sets where stated</td>
</tr>
<tr>
<td>3.12</td>
<td>Table identifying the location of standard disclosures</td>
<td>See this table for standard disclosures — GRI content index</td>
</tr>
<tr>
<td>3.13</td>
<td>Policy and current practice regarding external assurance</td>
<td>Sustainability assurance</td>
</tr>
<tr>
<td><strong>Governance, commitments and engagement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1–4.3</td>
<td>Various</td>
<td>Parentage, governance</td>
</tr>
<tr>
<td>4.4</td>
<td>Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body</td>
<td>Governance, diversity</td>
</tr>
<tr>
<td>4.5</td>
<td>Linkage between compensation for members of the highest governance body, senior managers, and executives and the organisations performance</td>
<td>Remuneration</td>
</tr>
<tr>
<td>4.6</td>
<td>Processes in place for the highest governance body to ensure conflicts of interest are avoided</td>
<td>Governance</td>
</tr>
<tr>
<td>4.7</td>
<td>Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees</td>
<td>Diversity</td>
</tr>
<tr>
<td>4.8</td>
<td>Statements of mission and values</td>
<td>Foreword, our organisation, supply chain</td>
</tr>
<tr>
<td>4.9</td>
<td>Procedures of the highest governance body for overseeing the organisation’s identification and management of economic, environmental and social performance</td>
<td>Parentage, governance</td>
</tr>
<tr>
<td>4.10</td>
<td>Processes for evaluating the highest governance body’s own performance, particularly with respect to economic, social and environmental performance</td>
<td>Embedding sustainability, materiality process, oneFXA, governance, risk management, remuneration</td>
</tr>
</tbody>
</table>

* Full disclosure is provided unless otherwise stated.

† These aspects of governance are ultimately controlled by our parent company, however we have provided some related local insights in this report. For more information please see our parent company and shareholders of The Fuji Xerox Group websites as referenced in parentage section.
### Global Reporting Initiative 3.1 content index (continued)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Where it is in report</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.11</td>
<td>Reference to precautionary principle</td>
<td>Business performance, health and safety management and reporting, environmental strategy and management</td>
</tr>
<tr>
<td>4.12</td>
<td>Charters and principles to which we subscribe</td>
<td>Foreword, health and safety</td>
</tr>
<tr>
<td>4.13</td>
<td>Memberships of associations/advocacy organisations</td>
<td>Supply chain, end-of-life</td>
</tr>
<tr>
<td>4.14</td>
<td>Stakeholder groups</td>
<td>Stakeholder engagement</td>
</tr>
<tr>
<td>4.15</td>
<td>Basis for identification of stakeholders</td>
<td>Stakeholder engagement</td>
</tr>
<tr>
<td>4.16</td>
<td>Approaches to stakeholder engagement</td>
<td>Foreword, our organisation, our people, supply chain, customers, end-of-life</td>
</tr>
<tr>
<td>4.17</td>
<td>Concerns raised through stakeholder engagement</td>
<td>Foreword, our organisation, our people, supply chain, customers, end-of-life</td>
</tr>
</tbody>
</table>

#### Economic

<table>
<thead>
<tr>
<th>EC</th>
<th>Disclosure on management approach</th>
<th>Foreword, community engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC1</td>
<td>Economic value generated</td>
<td>Business performance, community engagement</td>
</tr>
<tr>
<td>EC2</td>
<td>Financial implications, risks and opportunities due to climate change (partial)</td>
<td>Government relations</td>
</tr>
<tr>
<td>EC3</td>
<td>Defined benefit plan obligations</td>
<td>Business performance, remuneration</td>
</tr>
<tr>
<td>EC6</td>
<td>Policy, practices and proportion of spending on locally based suppliers (partial)</td>
<td>Supply chain introduction, domestic logistics</td>
</tr>
<tr>
<td>EC8</td>
<td>Development and impact of infrastructure investments and services provided primarily for public benefit</td>
<td>Community engagement</td>
</tr>
<tr>
<td>EC9</td>
<td>Understanding and describing significant indirect economic impacts</td>
<td>Community engagement</td>
</tr>
</tbody>
</table>

#### Environmental

<table>
<thead>
<tr>
<th>EN</th>
<th>Disclosure on management approach</th>
<th>Our impact, supply chain, development, end-of-life</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN2</td>
<td>Percentage of materials used that are recycled input materials (partial)</td>
<td>Eco Manufacturing Centre</td>
</tr>
<tr>
<td>EN3</td>
<td>Direct energy consumption</td>
<td>Carbon management</td>
</tr>
<tr>
<td>EN4</td>
<td>Indirect energy consumption</td>
<td>Carbon management</td>
</tr>
<tr>
<td>EN6</td>
<td>Initiatives to provide energy efficient products and energy reductions achieved</td>
<td>Carbon management, Real Green™ equipment, services innovation, customer support</td>
</tr>
<tr>
<td>EN7</td>
<td>Initiatives to reduce indirect energy use and reductions achieved</td>
<td>Carbon management</td>
</tr>
<tr>
<td>EN8</td>
<td>Total water withdrawal by source</td>
<td>Water use</td>
</tr>
<tr>
<td>EN16</td>
<td>Direct and indirect greenhouse gas emissions (GHG) by weight</td>
<td>Carbon management</td>
</tr>
<tr>
<td>EN17</td>
<td>Other indirect GHG emissions by weight</td>
<td>Sustainability management with logistics suppliers</td>
</tr>
<tr>
<td>EN18</td>
<td>Initiatives to reduce GHG emissions and reductions achieved</td>
<td>Carbon management</td>
</tr>
<tr>
<td>EN22</td>
<td>Total weight of waste by type and disposal method</td>
<td>Waste management</td>
</tr>
<tr>
<td>EN24</td>
<td>Weight of transported waste deemed hazardous under Basel Convention (partial)</td>
<td>End-of-life disposal data</td>
</tr>
<tr>
<td>EN26</td>
<td>Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation</td>
<td>Sustainable value chain approach, carbon management, sustainable paper sourcing, sustainability management with logistics suppliers, development, customer support, end-of-life</td>
</tr>
<tr>
<td>EN27</td>
<td>Percentage of products sold and their packaging materials that are reclaimed by category (partial)</td>
<td>End-of-life</td>
</tr>
</tbody>
</table>

* The end-of-life products we exported to Thailand required a Basal Permit, although these are not deemed hazardous waste.
### Global Reporting Initiative 3.1 content index (continued)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Where it is in report</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN28</td>
<td>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations</td>
<td>Environmental strategy and management</td>
</tr>
<tr>
<td>EN29</td>
<td>Significant environmental impacts of transporting products</td>
<td>Sustainability management with logistics suppliers, customer support</td>
</tr>
<tr>
<td><strong>Social: Labour practises and decent work</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA</td>
<td>Disclosure on management approach</td>
<td>Foreword, oneFXA, our people</td>
</tr>
<tr>
<td>LA1</td>
<td>Total workforce</td>
<td>Our employees</td>
</tr>
<tr>
<td>LA2</td>
<td>Total number and rate of new hires and employee turnover (partial)</td>
<td>Our employees</td>
</tr>
<tr>
<td>LA3</td>
<td>Benefits provided to full-time employees</td>
<td>Remuneration</td>
</tr>
<tr>
<td>LA6</td>
<td>Workforce represented in formal joint management-worker health and safety committees</td>
<td>Health and safety management and reporting</td>
</tr>
<tr>
<td>LA7</td>
<td>Rates of lost time injury and number of work-related fatalities (partial)</td>
<td>Health and safety management and reporting</td>
</tr>
<tr>
<td>LA8</td>
<td>Education, training, counselling, prevention and risk control programs</td>
<td>Remuneration, health and safety training, injury management</td>
</tr>
<tr>
<td>LA11</td>
<td>Programs for skills management and lifelong learning that support continued employability (partial)</td>
<td>Building capability, remote service support</td>
</tr>
<tr>
<td>LA12</td>
<td>Percentage of employees receiving regular performance and career development reviews</td>
<td>Remuneration</td>
</tr>
<tr>
<td>LA13</td>
<td>Composition of governance bodies and other indicators of diversity (partial)</td>
<td>Diversity</td>
</tr>
<tr>
<td>LA14</td>
<td>Ratio of basic salary and remuneration of women to men</td>
<td>Our employees, remuneration</td>
</tr>
<tr>
<td>LA15</td>
<td>Return to work and retention rates after parental leave by gender</td>
<td>Remuneration</td>
</tr>
<tr>
<td><strong>Social: Human rights</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR</td>
<td>Disclosure on management approach</td>
<td>Supply chain introduction, regional ethical procurement, communicating sustainability</td>
</tr>
<tr>
<td>HR2</td>
<td>Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening (partial)</td>
<td>Regional ethical procurement</td>
</tr>
<tr>
<td>HR4</td>
<td>Total number of incidents of discrimination and actions taken</td>
<td>Incidences of discrimination/corruption</td>
</tr>
<tr>
<td>HR5</td>
<td>Operations in which the right to exercise freedom of association is at risk (partial)</td>
<td>Regional ethical procurement</td>
</tr>
<tr>
<td>HR6</td>
<td>Operations and significant suppliers identified as having significant risk for incidents of child labour and measure to abolish child labour (partial)</td>
<td>Regional ethical procurement</td>
</tr>
<tr>
<td>HR7</td>
<td>Operations and significant suppliers identified as having significant risk for forced or compulsory labour and measure to eliminate forced or compulsory labour (partial)</td>
<td>Regional ethical procurement</td>
</tr>
<tr>
<td><strong>Social: Society</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SO</td>
<td>Disclosure on management approach</td>
<td>Foreword, our organisation, our people, our impacts, end-of-life</td>
</tr>
<tr>
<td>SO1</td>
<td>Percentage of operations with local community engagement, impact assessments and development programs</td>
<td>Diversity, health and safety management reporting, community engagement, environmental strategy and management</td>
</tr>
<tr>
<td>SO4</td>
<td>Actions taken in response to incidents of corruption</td>
<td>Incidences of discrimination and corruption</td>
</tr>
<tr>
<td>SO5</td>
<td>Public policy positions</td>
<td>Advocating for extended producer responsibility</td>
</tr>
<tr>
<td><strong>Social: Product responsibility</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR</td>
<td>Disclosure on management approach</td>
<td>Communicating sustainability, design for the environment, customer experience strategy, voice of customer</td>
</tr>
<tr>
<td>PR1</td>
<td>Lifecycle stages in which health and safety impacts of products and services are assessed (partial)</td>
<td>Design for the environment, end-of-life</td>
</tr>
<tr>
<td>PR5</td>
<td>Practices related to customer satisfaction</td>
<td>Our customers</td>
</tr>
</tbody>
</table>
Upstream Print Solutions sustainability summary by Neil Tilley, CEO

Upstream Print Solutions, a Fuji Xerox company is one of Australia’s leading independent managed print solutions companies, with a history spanning over 25 years. We develop tailored print solutions for some of Australia’s most recognised brands, concentrating on delivering flexible, cost-effective solutions that deliver real value. We manage our customers’ print, copy, scanning and fax needs, resulting in a true understanding of our customer’s printing and document environment.

Upstream’s vision is to be a fantastic place to work and to be a customer of, that delivers real value to our shareholders and other stakeholders. We know that if we strive to consistently display our values in everything we do we will deliver on that vision. Upstream sees innovation and delivering value as key to our approach to sustainability. Our core product developments are geared towards enabling our customers to become more efficient, allowing for reductions in paper use, toner, electricity and other resources and consequently in their financial investment. A focus on honesty, ethics and working together are essential to our ability to deliver on our promises and do the right thing for our customers, colleagues and the wider community. We collaborate both internally and with our customers to share learnings and harness the collective intelligence and expertise to deliver better outcomes.

Our community

With over 300 employees in offices in Melbourne, Sydney and Brisbane we are proud to have an employee engagement level which places Upstream in the Aon Hewitt Best Employer range. Our people are high performers and we recognise this dedication with the Chargrilled Award, for efforts that are “better than well done”, and the ‘U’Award for employees who consistently display our values. Supporting the wider community is more than just good corporate citizenship; it’s part of our culture and something we enjoy. We established the Upstream Foundation, a registered, non-profit foundation which aims to provide staff the opportunity to get involved in community projects, as well as actively raising funds through events to distribute to various beneficiaries. The Upstream Foundation’s major annual fundraising activity is the Upstream Challenge, a 50km walk from Docklands to Donvale along the picturesque Yarra River. Since its inception the Upstream Foundation has raised over $1 million and has supported organisations including Camp Quality, Disability Sport and Recreation, Entrust Foundation, Leprosy Mission Australia and Shared Funds.

Our impact

Minimising our impact on the environment is an important issue and one we focus on for all parts of our business. We aim to minimise power use and waste and maximise paper efficiencies as much as possible. We work with Energy Star compliant machines from major manufacturers and encourage customers to enable the power save mode on their printers, reducing power use of machines sitting in stand-by mode for long periods of time.

Print devices

The lifecycle of print machines can potentially have quite an impact on the environment, so Upstream has
embarked on a number of initiatives to minimise this impact. Our parts reclamation program aims to reuse spare parts from old equipment, with 20 percent of the spare parts used in the field currently reclaimed for reuse by the manufacturer. We then recycle as much of the remaining equipment as possible, partnering with Sims Recycling Solutions to recycle up to 99 percent of each device. This equated to over 50,000 kilograms of equipment in New South Wales in the past year, dramatically reducing equipment going to landfill. We also recycle packaging from machines; cardboard, polystyrene and the plastic bags machines are often wrapped in.

**Imaging consumables**

We use high quality, high yield toner cartridges, which reduce the number of toner cartridges used and minimises waste. Toner manufacturers have developed environmentally responsible solutions for the components of toner cartridges, toner bottles, inkjet cartridges, fuser kits, drum units and waste hoppers, with even the 10 percent of toner or ink remaining in the cartridges being reused in new applications.

To combat the tonnes of imaging consumables being sent to landfill, Upstream has joined with Planet Ark for recycling and collection services as well as Close the Loop, a high-tech recycling company which makes a wood substitute out of used toner cartridges. Some toner cartridges are returned to the original equipment manufacturers for their own remanufacturing, or component recovery programs, while all others are processed through Close the Loop’s patented Green Machines.

**Printing waste**

Reducing printing waste is a focus for Upstream; we promote a range of behaviours and technologies in order to lessen the environmental impact of our industry while at the same time reducing the cost to our customers of unnecessary printing.

We encourage our customers where possible to use N-up printing, the printing of multiple pages to one sheet of paper, and to use the default option of duplex printing to minimise the number of sheets of paper required for a print job. This can result in reductions of 5 – 10 percent in paper use. Output separation is a significant contributor to a decrease in print waste: swipe to release functionality which only releases a print job when you are ready to collect it; and mailbox capability, which sends prints to a physical tray allocated to an individual, can reduce lost print jobs by up to 38 percent.

We have calculated that in a single year one of our customers, the Australian branch of a large international organisation in the construction industry, saved over 1.7 million pages in one year through the implementation of duplex printing as the default on their printers and avoided printing over 8.9 million lost documents through implementing output separation. Non-profit conservation organisation Conservatree estimates that one tree makes 16.67 reams of paper. Our customer’s print reduction of 9.8 million pages equals 19,655 reams of paper equating to saving 1,229 trees in one year.

**Our technologies**

Technologies we have developed to minimise printing include uforms, our electronic forms system, which replaces pre-printed forms. This eliminates waste involved with reprinting forms due to updated contact details, rebranding exercises and product or price changes. Uforms are printed from the customer’s existing printer, removing the need for the additional power, toner and paper use and transport impact related to dedicated printing of forms.

Our utrack print tracking and monitoring system helps customers to minimise printing. Reporting on print levels often encourages users to be more conscious of the number of pages they print. Utrack also allows print management by defining and implementing rules relating to printing credits, restricting colour, large size prints and pages with a large number of pages, as well as deleting duplicate jobs.

**Our customers**

Upstream aims to provide exceptional customer service, from the sales process through to product delivery and support. We have recently commenced a transactional customer satisfaction survey to understand our customers’ happiness, helping us identify both positive and negative experiences, with our escalation policy ensuring that any issues are quickly identified and dealt with in the most efficient way. We also run MirrorWave, a customer satisfaction program aimed at determining the areas where we are serving our customers well and to identify areas where we could improve customer experiences. Since the commencement of MirrorWave, we have lifted our overall satisfaction score by 25 percent and have tripled the number of respondents who scored us a 9 or a 10.

**What’s next**

Upstream is in the earlier stages of formalising our sustainability journey, and we look forward to using the coming year as an opportunity for us to explore what sustainability means for us and how do we bring it to life in our organisation.
Photographic competition winning entry: ‘growth’ by Suhendry Ul, Document Manager, Macquarie Park, NSW.
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

Australian Head Office

Fuji Xerox Australia Pty Limited
101 Waterloo Road, Macquarie Park NSW 2113
Phone (02) 9856 5000 | Fax (02) 9856 5003

www.fujixerox.com.au

Published in Australia, September 2012

Xerox and the sphere of connectivity design are trademarks or registered trademarks of Xerox Corporation in the U.S. and/or other countries. Fuji Xerox Australia Pty Ltd ABN 63 000 341 819.