

Stakeholder Communication TOPICS

Enhancing Group Activities to Implement “Value from Innovation”

We promoted various activities to improve the power of each individual employee's to trigger innovation, in the drive to implement the Fujifilm Group's corporate slogan, “Value from Innovation.”

The Innovation Idea Proposals Program introduced in 2016 is open to all employees across the world to submit their ideas concerning our business. This time, the third program has now been held, and the program has solicited ideas for new business that are completely free from our existing business frameworks. Proposals that passed the final selection are now at the stage of considering to start actual businesses. This year, we set up a Warm-Up Session in which Secretariat members and idea proposers discussed proposals and exchanged detailed opinions from diverse viewpoints, thereby refining and improving the quality of the proposals.

At the same time, we are actively holding a range of communication events beyond the borders between our Group companies. This is based on our belief that innovation can be created not only by R&D divisions but also through group-wide discussions between employees in different divisions, such as office staff and factory workers. A number of events were held in FY2017 with many employees participating. Our aim for such events is to provide employees with an opportunity to

learn a wide range of business practices along with the new technologies and services that the Group companies now encompass in order to accelerate creative innovation by finding new problem solutions through wider opinion exchanges.

These events can also provide new insights for individual workers about how to carry out their own tasks. Beyond the normal routine and borders of their roles—whether they are administrative or technical—sharing ideas and information through communications with diverse human resources surely helps people to gain new perspectives on their day-to-day approaches to their work. The topics at these events are not limited to technical issues, but also cover work-related issues, such as Work Style Reform, which has drawn much social attention in Japan in recent years. Employees participating in events express high satisfaction with these opportunities to create new innovation with aspects of CSR.



An interaction event where employees in charge displayed posters with their new products, services, and technologies and enjoyed lively opinion exchanges with participants.

Communicating on the Environment with Local Citizens

As a member of local communities, the Fujifilm Group creates various opportunities for dialogue on the environment with local citizens. In FY2017, four companies comprising the Fujifilm Group (Fujifilm, Fuji Xerox, Fuji Xerox Manufacturing and Fujifilm Techno Products) jointly held the “Fujifilm Group

Report on the Environment” event in Kaisei-machi, Kanagawa Prefecture. Presentations on Fujifilm's activities in the field of the environment for representatives of local community associations, and exchanges of opinions with local communities were followed. Fujifilm's Kanagawa Factory, Fujinomiya Factory and Yoshida-Minami Factory have also given presentations on their environmental protection activities and environmental dialogue that includes factory tours of their environmental facilities.

These four Fujifilm Group companies jointly participated in the environmental fair held annually at the city office in Minami-Ashigara City, Kanagawa Prefecture. The fair offered visitors a model that demonstrated the ozone-based wastewater treatment system at the Ashigara site and held an environmental quiz session to foster greater understanding of their activities for group-wide environmental protection. Attending the fair were many citizens, including children from the elementary schools they had visited to give environmental lessons.



Environmental dialogue held in Kaisei-machi (on left) and environmental fair that served as a venue for edutainment on environmental protection (on right)

Dialogue on Activities for Human Rights Due Diligence

In September 2017, Fujifilm participated in the Business and Human Rights Conference in Tokyo, hosted by Caux Round Table Japan (co-hosted by the Institute for Human Rights and Business), and held individual meetings with human rights experts from across the world. We presented our Group CSR procurement activities, including from the aspect of employees' human rights, and sought opinions and advice from them on the Human Rights Statement that was still being developed at that time on the details of the statement, its relationship with other policies and methods for promoting greater awareness and related measures within the organization. We received praise from experts for including the opinions that were expressed in the previous year's dialogue in the text of the Statement.

They expressed the hope for activities to continue after the introduction of the Statement, including human rights issues that require attention in the supply chain and measures to provide remedy for suppliers, etc. Based on these valuable opinions, we are scheduled to assess the potential risks in the supply chain (see Page 45) based on the Human Rights Statement adopted in June 2018. We plan to use the information gathered for concrete action and activities in the future.



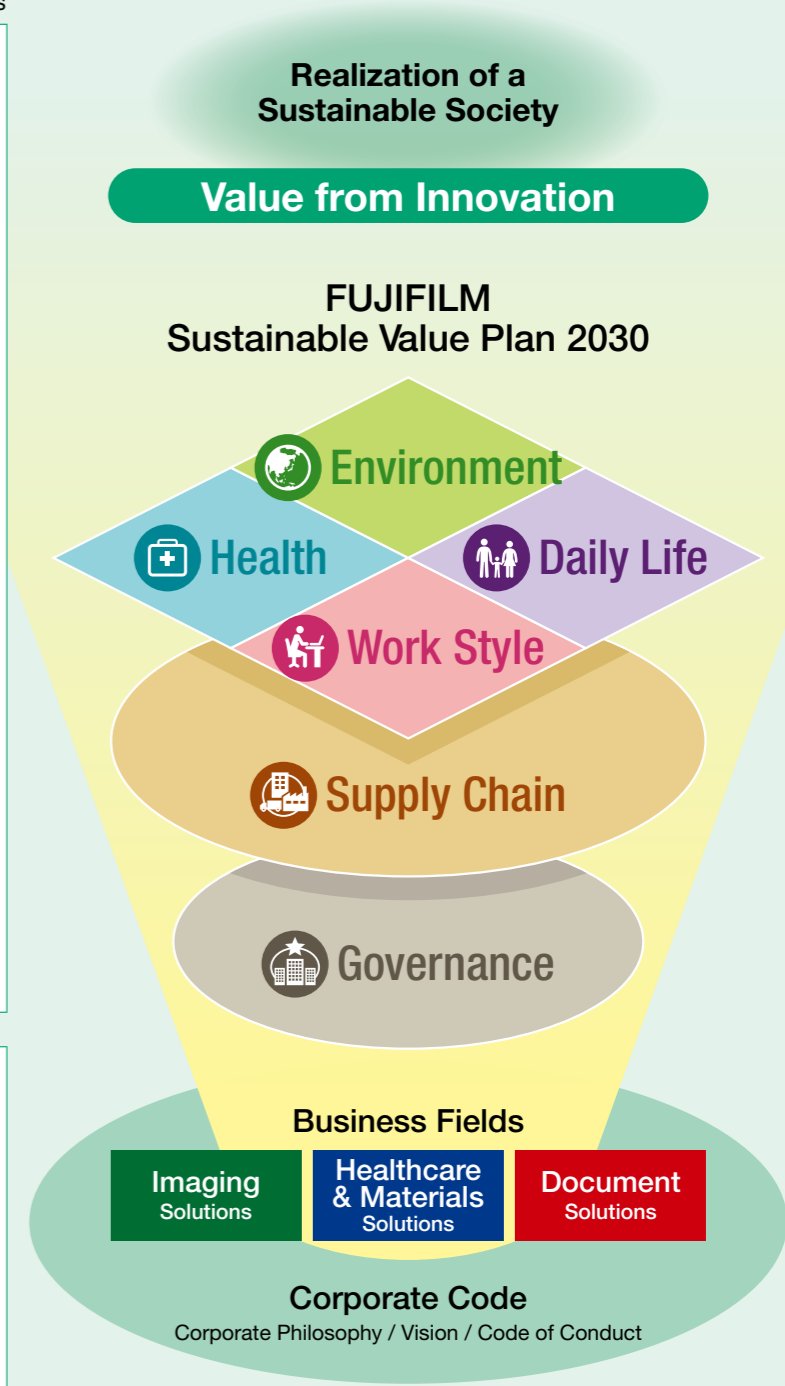
Dialogue with international experts on human rights

The CSR Plan of the Fujifilm Group Sustainable Value Plan 2030 (SVP 2030)

The Fujifilm Group announced its Sustainable Value Plan 2030 (SVP 2030) in August 2017. The new plan sets itself apart from previous medium-term CSR plans in characteristically targeting FY2030 as its long-term goal, which is expected to lay the foundations of the Group's business management strategies for sustainable growth.

Under SVP 2030, the Fujifilm Group will introduce further measures to resolve social issues through our business activities, including the launch of innovative technologies, products and services, in our aim to develop into a company that can make a greater contribution to creating a sustainable society.

SDGs	SVP 2030 Slogans and Priority Issues
 	Environment Reduce our own environmental impacts and contribute to the resolution of environmental issues. Priority Issue 1. Address climate change. 2. Promote recycling of resources. 3. Address energy issues toward a non-carbon society. 4. Ensure product and chemical safety.
	Health Create a healthy society through the process of prevention, diagnosis and treatment in healthcare. Priority Issue 1. Fulfill unmet medical needs. 2. Improve accessibilities to medical services. 3. Contribute to identifying diseases at an early stage. 4. Contribute to health promotion and beauty. 5. Promote management of a healthy workplace.
 	Daily Life Support the tangible and intangible aspects of social infrastructure in people's lives through various products, services and technologies. Priority Issue 1. Contribute to creating a safe and secure society. 2. Contribute to enriching humanity and relationships between people.
 	Work Style Promote social change where every person is motivated in the workplace through extending our in-house work-style reforms. Priority Issue 1. Create environments that lead to motivated workplace. 2. Develop and utilize diverse human resources.
	Supply Chain Priority Issue Strengthen CSR foundations across the entire supply chain including factors of the environment, ethics, and human rights.
	Governance Priority Issue Improve and maintain governance structures by further disseminating an open, fair and clear corporate culture.



Background of CSR Planning and Basic Approach

Establishing the Long-Term Goal

In recent days, international long-term targets such as Sustainable Development Goals (SDGs^{*1}) and the Paris Agreement^{*2} have been announced in the drive to resolve social issues. In particular, expectations are growing for the role of companies as players in resolving social issues and building a sustainable society. In view of these developments, the SVP 2030 has set as its long-term goal for FY2030 to contribute to achieving the goals for resolving global social issues set by SDGs, the Paris Agreement, etc.

In the medium-term CSR plan for FY2014 to FY2016, Sustainable Value Plan 2016 (SVP 2016), Fujifilm declared its shift from passive engagement in CSR in the form of statutory compliance to a more active one, perceiving CSR as an opportunity for business growth and for addressing social issues. This stance earned great praise from outside experts. However, the major goal of solving social issues cannot produce results so easily in a span of three years. For this reason, a conversion in our approach to establishing targets was deemed necessary alongside activities to be continued into the future.

By establishing a long-range plan, targets can now be established not by forecasting (approach based on accumulation of actions) but by backcasting, an approach that sets the vision to be achieved as the starting point and focuses on what must be done to achieve it. This has led to the introduction of more challenging activities.

In defining the social responsibilities a global company should fulfill, a review was also conducted on the 17 goals and 169 targets defined under the SDGs, to examine the Fujifilm Group's business opportunities and its negative

impact on society. The review showed that nine out of the 17 goals were recognized as goals that enable Fujifilm to make major contributions to achieving its SDGs, and concrete measures to achieve these goals were defined.

^{*2} Paris Agreement: International, multilateral agreement on arresting climatic changes that was adopted by The 21st Session of the United Nations Framework Convention on Climate Change Conference of the Parties (COP 21) held in Paris in 2015. The Agreement calls for holding the global temperature rise to less than 2°C over the level before the Industrial Revolution.

Assessment of the 15 Priority Issues in Six Areas

In SVP 2016, priority issues were divided into "solving social issues through business activities" (opportunities) and "conscious of environmental and social impact within business processes (environment, work style, etc.)" (risks). SVP 2030 specifies internal and external aspects of each of the areas of the environment, health, daily life and work style. In "1. Address climate change" under "Environment," for example, Fujifilm Group plans to tackle this goal from both aspects of opportunity and risks, through reducing CO₂ emissions in its business activities and at the same time through development and promotion of environmentally conscious products and services.

In promoting global business, the plan focuses on reinforcement of the CSR foundation in the environment, ethics, human rights, etc., for the entire supply chain, as well as reinforcement of governance for greater dissemination of an "open, fair and clear" corporate culture. For these purposes, 15 priority issues in six areas were established for implementation in all corporate activities.

Especially in the area of the environment, concrete numerical targets were established for FY2030. For CO₂, we will take action to reduce our Group's CO₂ emissions by 30% compared to the FY2013 level along with contributing to a reduction in the CO₂ emissions generated by society by 50 million tons through dissemination of our Group's products and services. (This 50 million ton reduction will offset the cumulative CO₂ emissions of the Group from FY2017 to FY2030.) In water resources, we will reduce the amount of water our Group uses by 30% compared to the FY2013 level, to below 35 million tons in FY2030. Furthermore, with highly functional materials and services utilized for water treatment, we aim to contribute to society with water treatment of 35 million tons a year and to achieve an environmental contribution equal to the environmental impact generated by our business activities in FY2030. (This 35 million ton treatment is also the same environmental contribution level as the environmental impact of our business activities.)

It must be noted that the CO₂ emissions reduction target here has been recognized as a scientifically proven standard in achieving the 2°C goal of the Paris Agreement and has been certified by the international SBT initiative (see Page 16).

Achieving the Goals of 2030

The long-term goals set out in SVP 2030 were conceived in the drive to take one step forward from the previous "inside-out" perspective that focuses on existing business activities as the starting point and adopts an "outside-in" approach starting from social issues to examine what the company, its products and services should be. What products and services are necessary in the development of a sustainable society, and what technologies are needed for this purpose?

SVP 2030 reaches beyond the Fujifilm Group's products and services (i.e., output^{*3}) to a concrete vision of its contribution to building a sustainable society (i.e., outcome^{*4}) and lays down as its final goal realization of both growth for the Group and solutions to social issues.

In the years ahead, the Group plans to work on contributing further to resolving social issues and on enhancing corporate value through creation of new values from products, services and technology development that can move social reform forward to achieve the goals of SVP 2030.

^{*3} Output: Products, services, etc., created by organizational and business activities

^{*4} Outcome: Change, benefit, learning and other effects of output from an organization or business operation



^{*1} SDGs (Sustainable Development Goals): Goals in sustainable development adopted by the United Nations General Assembly in 2015, to be addressed as social issues by the international community until 2030. There are 17 goals and 169 targets established to address the issues of poverty, inequality and injustice, health, education, fulfillment in work, climate change and the environment, etc.

Mapping of SVP 2030 Priority Issues

	Solving social issues through business activities Areas seen mainly as opportunities for growth (opportunities)	Conscious on environmental and social impact within business processes Areas seen mainly for negative impact on society (risks)	Contribution to SDGs
Environment	1. Address climate change (reduce CO ₂ emissions in society). 2. Promote recycling of resources (contribute with water treatment in society). 3. Address energy issues toward a non-carbon society.	1. Address climate change (reduce CO ₂ emissions from the Fujifilm Group). 2. Promote recycling of resources (reduce water usage, waste, and resource input from the Fujifilm Group). 4. Ensure product and chemical safety.	
Health	1. Fulfill unmet medical needs. 2. Improve accessibilities to medical services. 3. Contribute to identifying diseases at an early stage. 4. Contribute to health promotion and beauty.	5. Promote management of a healthy workplace.	
Daily Life	1. Contribute to creating a safe and secure society. 2. Contribute to enriching humanity and relationships between people.		
Work Style	1. Create environments that lead to motivated workplace (provide solution services).	2. Develop and utilize diverse human resources.	
Base for business activities			
Supply Chain	Strengthen CSR foundations across the entire supply chain including factors of the environment, ethics, and human rights.		
Governance	Improve and maintain governance structures by further disseminating an open, fair and clear corporate culture.		

Characteristics of SVP 2030

- **Establishment of long-term goals (FY2030)**
 - To become a corporation that promotes social revolution through innovation involving all employees and action on social issues from a long-term perspective.
 - 2030 was set as the target year for goals which is the base year for international social issues (Paris Agreement and SDGs).
- **Numerical targets for FY2030 defined for global environmental issues**
- **15 priority issues established in the four areas of the environment, health, daily life, work style, and adding supply chain and governance**
 - Priority areas redefined with attention both to "solving social issues through business activities" and "reducing the negative impact of our business activities."
 - With society and customers demanding that as a global corporation we enhance our management of the entire supply chain from the viewpoint of CSR, "supply chain" has been established as a priority area.
 - "Governance" has been added as a priority area to further disseminate an open, fair and clear corporate culture.

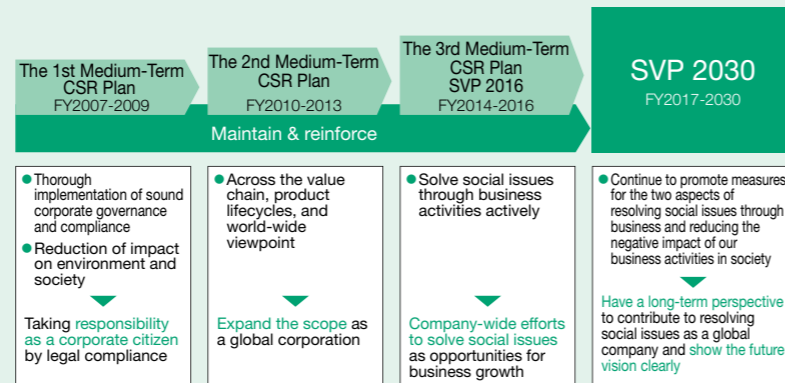
SDGs goals that Fujifilm can make major contributions to



Process for Identifying Materiality (Priority Issues)

STEP 1 Clarifying the Basic Policies

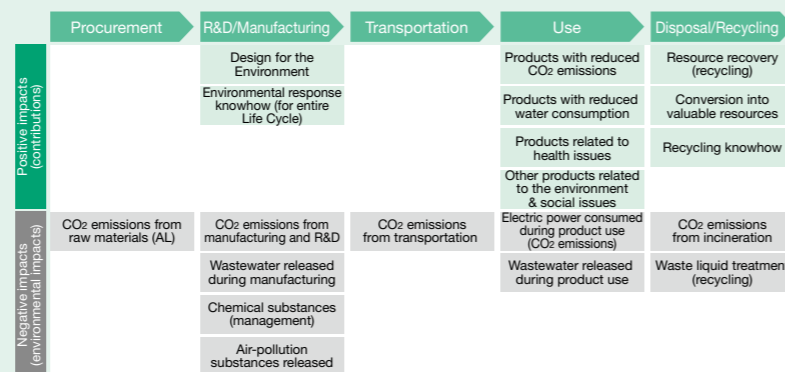
In addition to the review of CSR activities under SVP 2016, issues that should take priority in SVP 2030 were identified with attention given to global developments in response to climate change, etc. As a result of the review, the perspective adopted in SVP 2016 to make company-wide efforts to solve social issues as opportunities for business growth was upgraded to clearly specify a future vision from the long-term perspective on contributions to resolving social issues as a global company and was adopted as the basic policy.



STEP 2 Extracting Social Issues Based on Business Strategy

In identifying social issues, roughly 130 items listed from various indexes such as ISO 26000 and GRI Standards were combined from the standpoint of social issues to be addressed from a long-term perspective, including the goals of the Paris Agreement and the 169 targets under the SDGs. Also, the possibility of contributing to resolving social issues was discussed with all business divisions to identify relevant technologies, products and services in these divisions.

Impact on Business Processes across the Value Chain (Ex. Environment)



*Study of priority issues based on the SDG Compass from viewpoints of both the negative impacts from business processes and the positive impacts from social contribution through business

Matrix on Social Issues and Fujifilm Group's Products, Services, and Technologies/Materiality Mapping for Extracting Priority Issues



STEP 3 Evaluation of Materiality

Evaluation adopted the approaches both of resolving social issues through business and reducing the social impact of business activities in society.

1. Resolving social issues through business

Fujifilm's technologies, products and services that show the potential of making a social contribution and the social issues were organized in a matrix diagram. Based on the diagram, the possibility of contributing to solving social issues and the scale of the impact on society were evaluated, and the social issues that must be prioritized were identified.

2. Reduction of the impact of our business activities

With the participation of the CSR specialist E Square, the social issues identified were evaluated from a social perspective (how important society perceives the issue and what it demands of the Fujifilm Group) and our company perspective (impact on business strategy, brand and reputation) and were mapped on five levels. Issues that were rated four or higher on both sides were organized and re-examined in expressions suitable for the Group's measures on the issues and were defined as priority issues.

STEP 4 Planning and Review

For each priority issue defined, relevant business divisions at operating companies that had introduced measures on the issue took the initiative in studying the indicators for promoting progress toward the long-term goal, and for environmental issues on a global scale, definitions of the numerical targets for the year 2030. Priority issues of SVP 2030 were finalized in the deliberations by the CSR Committee, headed by the President of FUJIFILM Holdings. For achievement of SVP 2030, we will re-examine our group-wide activities through PDCA every three years by planning for medium-term management reform.

*Please visit the link below for details of the process.

<http://www.fujifilmholdings.com/ja/sustainability/valuePlan2016/process/index.html>

Sustainable Value Plan 2030

Environment

Reduce our own environmental impacts and contribute to the resolution of environmental issues.

Social Issues

Since the Industrial Revolution, we have experienced large improvements in our lives, but at the same time, this has caused a range of environmental issues. Continuing rises in sea levels and extreme weather resulting from climate change, depletion of our land resources, destruction of our forests, water pollution and depletion of water resources and changes in our ecosystems are taking place on a global scale. The Paris Protocol calls for action by all countries to reduce greenhouse gas emissions. The international society must take action to resolve both the issues resulting from our economic activities and environmental issues to guarantee sustainable development into the future.



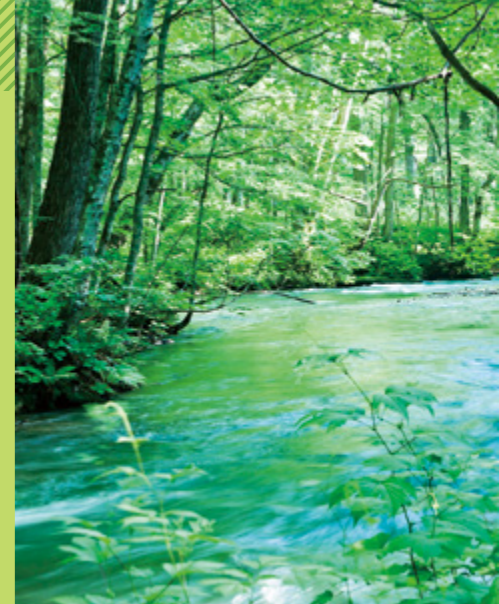
Fujifilm Group's Goals under SVP 2030

1. Address climate change.
2. Promote recycling of resources.
3. Address energy issues toward a non-carbon society.
4. Ensure product and chemical safety.

To achieve sustainable development, the whole of the Fujifilm Group around the world is working on various environmental issues under its Green Policy so that it can also be the leading company in the environmental field. In addition to reducing the environmental impact of our production activities, we are focusing on cutting CO₂ emissions and making effective use of water and other resources across the entire product lifecycle, reaching as far as the use and disposal of our products by our customers. We are also developing products and services that offer outstanding energy-saving and resource-saving results that will contribute to reducing the environmental impact for society as a whole. In R&D we are developing new technologies to resolve environmental issues including energy issues.

The Key Points in FY2017 Activities

OUTPUT		OUTCOME
Established of concrete targets for 2030	Establishment of numerical targets for CO ₂ , water, and waste	Contributing to enhancing momentum of promotional activities for the environment in society
Provided office products with outstanding energy-saving results		Contributing to reducing CO ₂ emission in society
Selected for the A List in the CDP Global Water Report 2017 with a high evaluation for our efforts to tackle water risks		Leading corporate water risk countermeasures

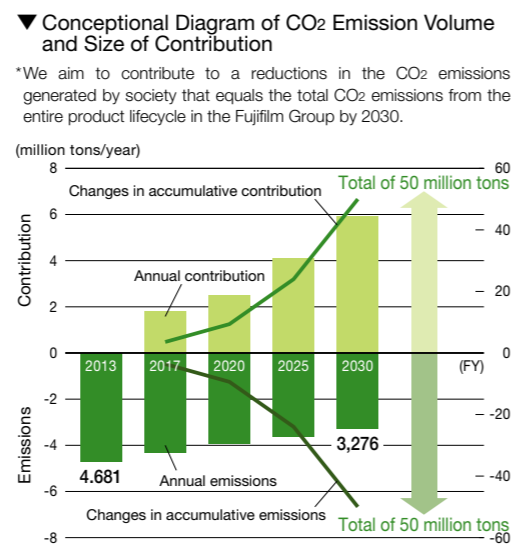
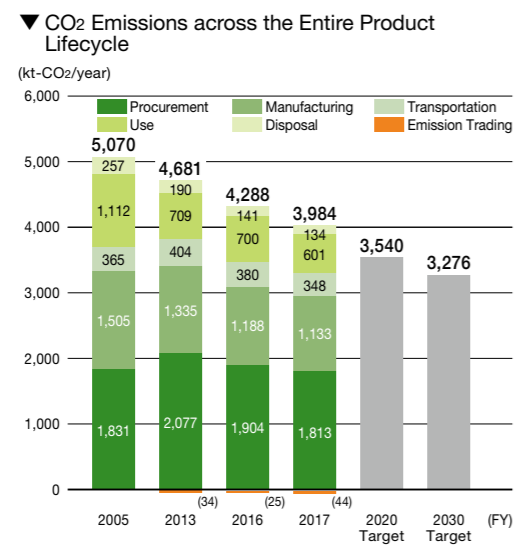


Priority Issue 1

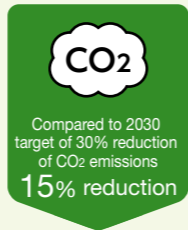
Address Climate Change

- Target for 2030**
- (1) Reduce the Fujifilm Group's CO₂ emissions by 30% by FY2030 (compared to the FY2013 level).
 - (2) Contribute to a reduction in the CO₂ emissions generated by society by 50 million tons by FY2030.

The Fujifilm Group has set new targets to create of a carbon neutral society aimed at by the Paris Agreement. Along with CO₂ emissions reduction across the entire product lifecycle (from material procurement, product manufacturing, transportation, use and disposal), we are continuing to actively reduce CO₂ emissions in society through providing our products and services. At the manufacturing stage, we direct our efforts at using lower carbon energy sources, including adopting and utilizing renewable energy, in addition to the promotion of energy saving and efficient energy usage.



- Outline of Activities in FY2017**
- Dissemination and expansion of energy-saving measures at production sites. (Highly efficient operations by controlling the number of in-house cogeneration systems, Energy loss reduction by rationalizing chillers and air conditioners, Energy usage reduction by installing LED lighting and inverters.)
 - FY2030 CO₂ emissions reduction target was approved by the Science Based Target (SBT)* initiative.
 - Establishing the environmentally conscious products certification program.
 - Our highly energy-saving magnetic tape won the Prime Minister's Prize under the 7th Monodzukuri Nippon Grand Award (hosted by METI, MLIT, MHLW, and MEXT in Japan) in recognition as the "large-capacity data tape with outstanding performance in total user costs, an achievement bolstering the era of big data and IoT." (Fujifilm)
 - Development of innovative toner technology realizing low environmental impact and high image quality won the Environment Minister Prize under the 16th Green and Sustainable Chemistry Award hosted by Japan Association for Chemical Innovation. (Fuji Xerox)
 - The Next Generation Managed Print Services that utilizes the energy-saving reconditioned devices won the Minister Prize of Economic, Trade and Industry, under the Energy Conservation Grand Prize 2017 in Japan. (Fuji Xerox)
- * SBT: An international initiative established by Carbon Disclosure Project (CDP), World Resources Institute (WRI), World Wide Fund for Nature (WWF), and United Nations Global Compact. The organization recommends science-based targets for reducing greenhouse gas emissions among companies to keep global temperature increases below 2 degrees Celsius compared to pre-industrial temperatures. There are 16 Japanese companies certified by the SBT initiative (as of April 2018).



Related Data and Information: Environmental information Page 63

- Future Activities and Targets**
- Seek the further opportunities to use and actual utilization of renewable energy (introduction of energy purchase based on renewable resources and renewable energy facilities).
 - Promote creation of environment-conscious products through our Certification System.

TOPICS

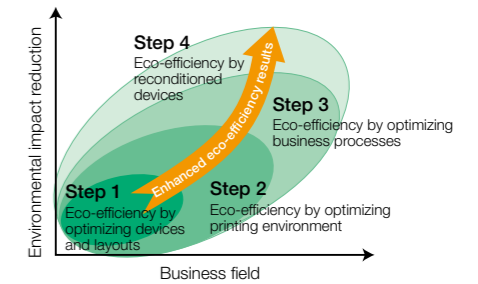
Priority Issue 1

Energy-Saving Activities with Customers

Energy Conservation Grand Prize awarded in recognition of our next generation energy-saving business model

Fuji Xerox's Next Generation Managed Printing Service (MPS), which utilizes energy-saving reconditioned devices, won the Minister's Prize of the Ministry of Economy, Trade and Industry, in the category of products and business. This is the highest ranking prize in that category of the Energy Conservation Grand Prize 2017. The Energy Conservation Grand Prize is given for model energy-saving efforts undertaken in business or business sites, as well as products and business models with excellent energy-saving features. This is the second time for Fuji Xerox to receive the Minister's Prize. The Next Generation MPS is a new business model that offers energy-saving, resource-saving and productivity improvement through the integration and evolution of reconditioned device business and comprehensive office equipment management business to offer the optimum printing environment. Special staff members analyze the volume of printing, frequency, power consumption, and other copying and printing activity information in an office in order to visualize the working conditions of each multifunction device and printer, and then offer the optimum printing environment by reviewing the installed devices and models—as well as their layout in the office. In addition to this actual usage data, they conduct questionnaire surveys and process analyses to offer a process efficiency improvement plan that includes paper usage reduction and enhanced productivity by converting paper-based processes into digital processes. Reconditioned devices, which have been serviced to the level of brand-new products, are offered as replacements for older equipment, enhancing the overall

▼ Diagram of Next Generation Managed Print Service



Managed Print Service (MPS) business + **Reconditioned device business**

A business model that offer customers the convenience of printing by removing the device management to Fuji Xerox.

A business model that enhances customers' eco-efficiency by reducing their new resource usage through offering Fuji Xerox's reconditioned devices (used devices that are disassembled, cleaned, and repaired to the level of new products).

environmental friendliness of our customers' businesses. Through this service, we have reduced the number of devices by 23% on average in the two years of FY2015 and FY2016, as well as reducing paper usage by 810 million sheets and CO₂ emissions by 10,040 t-CO₂ (approx. 5,170 kL when converted to crude oil consumption). Also, more than 40% of the devices provided through this service are reconditioned devices. Fuji Xerox is promoting further energy conservation in offices though expanding this business model across the world.

Priority Issue 1

CO₂ Emissions Reduction Working Together with the Industry

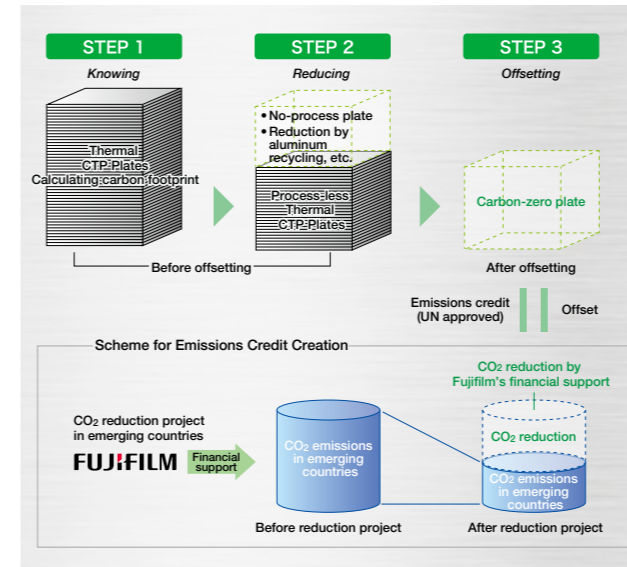
CO₂ emissions reduction by carbon offset achieved with printing industry customers



In April 2018 Fujifilm started the Carbon Offset* scheme with its process-less thermal CTP plates. Process-less thermal CTP plates are printing plates used in offset printing that can significantly reduce environmental impact by making unnecessary for an automatic processor and chemicals in the plate processing.

At the same time, FUJIFILM Global Graphic Systems Co., Ltd., which sells printing devices and materials, started the Green Graphic Project (GGP), a CO₂ emissions reduction scheme, by working together with the printing companies who purchase our CTP plates.

▼ Carbon Offset Scheme by the Process-less Thermal CTP Plates



The GGP manages carbon offsets to make the CO₂ emissions from process-less thermal CTP plates across their lifecycle to zero by utilizing the CO₂ emissions rights obtained by Fujifilm through supporting CO₂ emissions reduction projects in developing countries. Through this scheme, printing companies that purchased and utilized process-less thermal CTP plates can discount some of the CO₂ emissions generated during their printing process to zero. Further, customers can then display the GGP mark, which makes an appeal as their CSR activities to stakeholders. This also indirectly contributes to clean energy, employment generation, and infrastructure construction in developing countries.

Fujifilm has led environmental contribution activities in the printing industry, such as through the Plate to Plate System, a closed loop recycling system that recycles the aluminum from printing plates used. Through the GGP, we are further spreading usage of process-less thermal CTP plates using the carbon offset, thereby contributing to reducing environmental impact in the printing industry.

* Carbon offset: Offsetting the CO₂ volume that is inevitably emitted in our daily life and business activities and could not be reduced despite appropriate efforts, with the CO₂ emissions reduction volume achieved in other activities. The GGP is certified by the Carbon Offset Scheme hosted by the Ministry of Economy, Trade, and Industry.

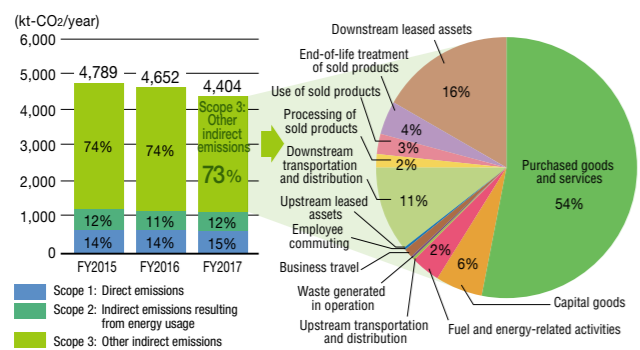
● Reduce the Fujifilm Group's CO2 Emissions

In FY2017, CO2 emissions from the entire product lifecycle in the Fujifilm Group achieved a large reduction of 7% over the previous year. Our new target set in FY2017 was "Reduce the Fujifilm Group's CO2 emissions by 30% by FY2030 (compared to the FY2013 level)" and our actual achievement so far against this target is 15%. We are steadily making progress in our CO2 emissions reduction efforts. CO2 emissions were reduced in all stages in the product lifecycle. Particularly in the manufacturing stage, energy usage increased by business expansion was compensated for by energy-saving activities propelled across the company and we attempt to realize continuous CO2 emissions reduction.

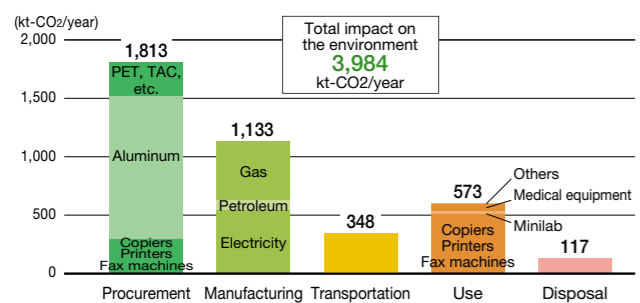
The Energy Strategy Promotion Committee has been working group-wide to maximize efficiency in energy usage and to seek in the energy purchase based on lower carbon resources. The Fujinomiya Factory of FUJIFILM Corporation's Functional Materials Manufacturing Headquarters, introduced a small energy supply system in FY2016 to maintain efficient energy use when the demand for energy varies, to ensure that it can fulfill customers' orders in a timely manner. In FY2017, the factory cut its CO2 emissions by 14,000 ton by using the small energy supply system and being flexible in using the large system to match the production quantity, improving the overall energy efficiency. FUJIFILM Hunt Chemicals U.S.A. reduced its energy consumption per product by 18% by introducing LED lighting, contributing to a reduction in CO2 emissions. More than ten facilities in Japan, the United States and South East Asia introduced LED lighting in FY2017.

In the future, we will continue to enhance our energy-saving efforts towards our FY2030 targets through promotion and reinforcement of renewable energy-derived procurement and introduction of renewable energy facilities.

▼ CO2 Emissions (Scope 1, 2, 3)



▼ FY2017 Results for Fujifilm Group



*Trading emissions are allocated to Use and Disposal.

In our overseas sites, our factory in the Netherlands already succeeded in sourcing 100% of its electric power from renewable energy in FY2016, and two factories in Belgium worked together to find a 100% renewable energy-derived power supplier and concluded a contract with them to receive supplies in 2020. The entire Fujifilm Group is working in an integrated manner to reduce CO2 emissions in order to prevent global warming.

Our efforts for FY2030 CO2 emissions reduction target are certified through the Science Based Target (SBT) initiative under the We Mean Business*. Our efforts are also internationally committed to Responsible Involvement in Climate Change Countermeasures.

*We Mean Business: An environmental platform operated by international organizations, think tanks, and NGOs that are promoting global warming countermeasures among corporations and investors.

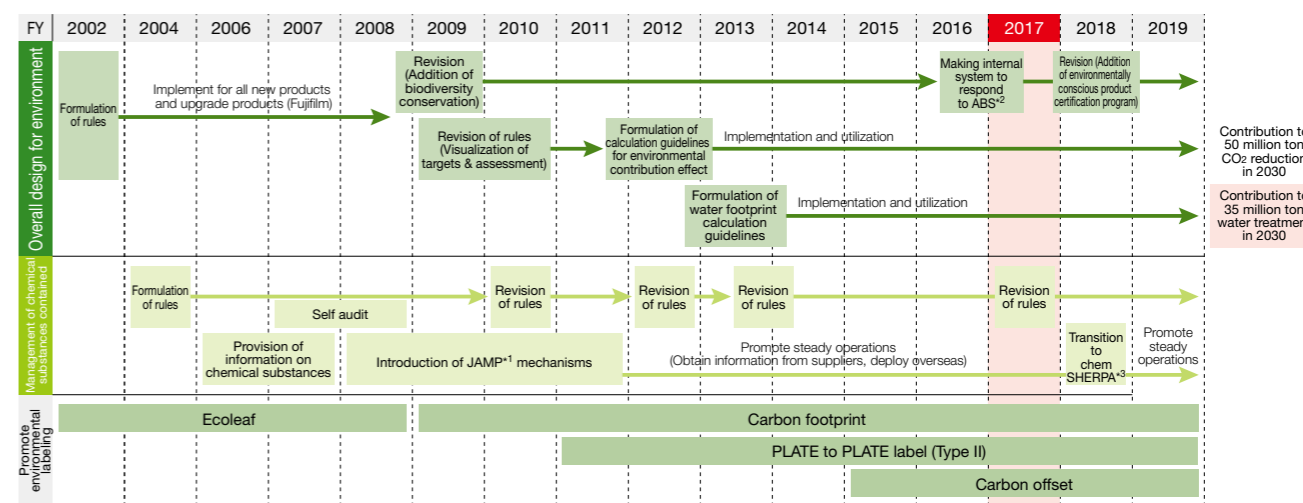
● Contribute to a Reduction in the CO2 Emissions Generated by Society

The Fujifilm Group has been working to reduce environmental impact through our products and services, based on internal rules concerning Design for Environment. We are also making progress in the visualization and calculation of contribution to CO2 emissions reduction through products and services, based on the internal guidelines. For our FY2030 target, "Contribute to a reduction in the CO2 emissions generated by society by 50 million tons by FY2030 (total contribution from FY2017)," we had a amount of contribution of 4.63 million tons in FY2017 through high capacity magnetic tape storage (energy saving through the storage for archive data), multifunction devices (products and solutions), and medical IT systems. The achievement rate for the FY2030 target was 9%, which was a steady progress. The magnetic tape was awarded by the Prime Minister's Prize under the 7th Monodzukuri Nippon Grand Award in evaluation of its contribution to big data storage with lower power consumption and cost in Japan (see page 33).

We have been implementing a range of energy-saving technologies in both hardware and software in all new multifunction devices and copiers. We are promoting to reduce electricity usage in our customer by replacing the older models with new ones. In FY2017, we received an award from the Environment Minister Prize under the 16th Green and Sustainable Chemistry Award for "Development of innovative toner technology to realizing low environmental impact and high image quality," as well as the prize of the Minister of Economy, Trade and Industry, under the Energy Conservation Grand Prize 2017 for "a next generation managed print services" that utilizes an energy-saving reconditioned device in Japan (see page 18). Combining the integrated management service that offers the optimum printing condition for customers, and our reconditioned multifunction devices and copiers, we are contributing to realizing all of energy conservation, resource conservation, and improvement of productivity.

As for one of our CO2 emission reduction measures, carbon offsets, we have also started working on process-less CTP plates as printing materials in addition to current cosmetics (see page 18). The Fujifilm Group is thus working towards CO2 emissions reduction with a comprehensive approach that combines a wide range of measures.

▼ Progress of "Design for Environment"



¹ Joint Article Management Promotion Consortium
² ABS (Access and Benefit-sharing): Access to genetic resources and the fair and equitable sharing of benefits arising from their utilization
³ chemSHERPA: A scheme that facilitates sharing information on chemical substances in products

The Fujifilm Group's environmentally conscious products certification program was newly formulated in FY2017. This program helps to promote the understanding of our environmentally conscious products for our customers and

to accelerate to develop our own environmentally conscious products development. We will start to use the system from FY2018 and promote the creation of environmentally conscious products and the disclosure of their information.

Priority Issue 2

Promote Recycling of Resources

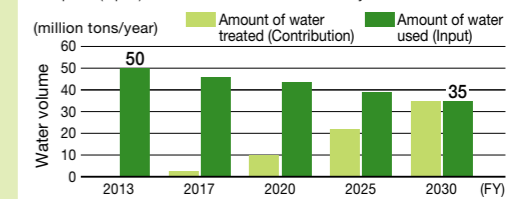
Target for 2030

- (1) Reduce the amount of water the Fujifilm Group uses for production by 30% by FY2030 (compared to the FY2013 level).
- (2) Contribute to the treatment of 35 million tons of water per year in society by FY2030.
- (3) Reduce the amount of waste generated by the Fujifilm Group by 30% by FY2030 (compared to the FY2013 level).
- (4) Improve the efficiency of the Fujifilm Group's resource use per unit of production by 30% by FY2030 (compared to the FY2013 level).

Since our establishment, the Fujifilm Group has been actively recycling resources, through reducing water usage, recycling and reusing water, recovering and reusing resources (e.g. silver), and establishing a recycling system for multifunction devices and copiers, etc. We are conducting efforts to use resources effectively and reduce waste through measures which take into account the total lifecycle of a product, by considering the 3Rs (reduce, reuse, recycle) in the product design, reducing loss at the manufacturing stage, collecting, reusing and recycling used products, and recycling or converting into valuables.

▼ Conceptual Diagram of Water Usage and Contribution

* We aim at contribution in society that equals the environment impact (input) from our business activities by 2030.



Outline of Activities in FY2017

- Water usage: 12% reduction (compared to the FY2013 level)
- Water treatment contribution in society: 34 million tons/year
- Waste generation: 2% increase (compared to the FY2013 level)
- Resource usage per unit: 22% improvement (compared to the FY2013 level)
- Assessed in A list (top evaluation) by CDP Water 2017 for the first time

Related Data and Information: Environmental information Page 63

Future Activities and Targets

- Promote steady reduction activities according to the situation in each region and site.

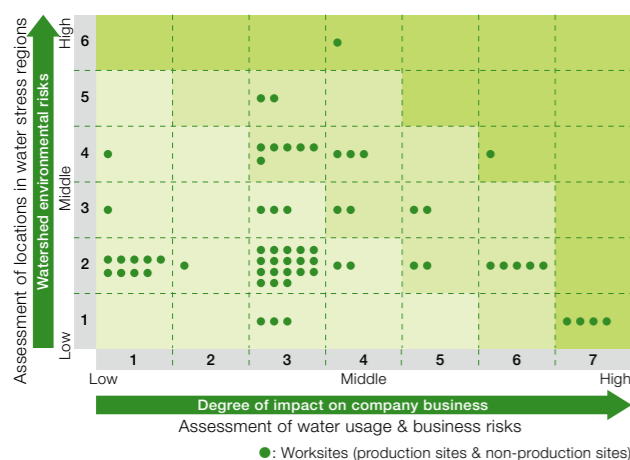
● **Response to Water Risks**

Since our establishment, the Fujifilm Group has been working toward water usage reduction and water recycling. Considering increasing attention toward water risk as an important international issue, we have been promoting further reductions and more efficient water usage. As a result of the continued efforts in each site, the water usage in FY2017 has been reduced by 3% compared to the previous year. Some of the companies that made significant water usage reduction included FUJIFILM Manufacturing U.S.A., Inc., which made a 6% reduction, and FUJIFILM Electronic Materials, which made a 17% reduction. This is equivalent to the reduction of 12% compared to the FY2013 level (the base year for the target for FY2030), demonstrating steady progress. We plan to expand our effective reduction measures widely across the world in order that the entire Fujifilm Group makes a further water usage reduction.

As for the expansion of water risk regions, which is drawing the world's attention, we created a water risk assessment system in 2014, utilizing a matrix with the two indices: "water stressed regions" and "impact on company business in terms of water usage." Since then, we have continued to assess water risks for all of our Group sites. As we continued assessment of the activities in water management and reduction at our worksites with relatively higher water risk and so on, we reconfirmed that the influence on our Group is low for FY2017 too.

As a contribution with water treatment in society through our products and services, we are implementing many projects in multiple business fields, including provision of micro filters for pure water treatment in electronic material production, provision of ion exchange resin for waste water treatment, and spreading process-less CTP plates to reduce water usage at customers in the graphic field. The total contribution amount in FY2017 was 34 million tons. This figure indicates that we have already achieved 97% of our FY2030 target, almost reaching the final level. Therefore, we are planning to consider the targets to be added. This contribution is also equivalent to about 80% of the Fujifilm Group's total water usage. We continue to contribute with our water treatment in society through products and services.

▼ **Assessment Map of the Impact of Water Resources on Company Business**

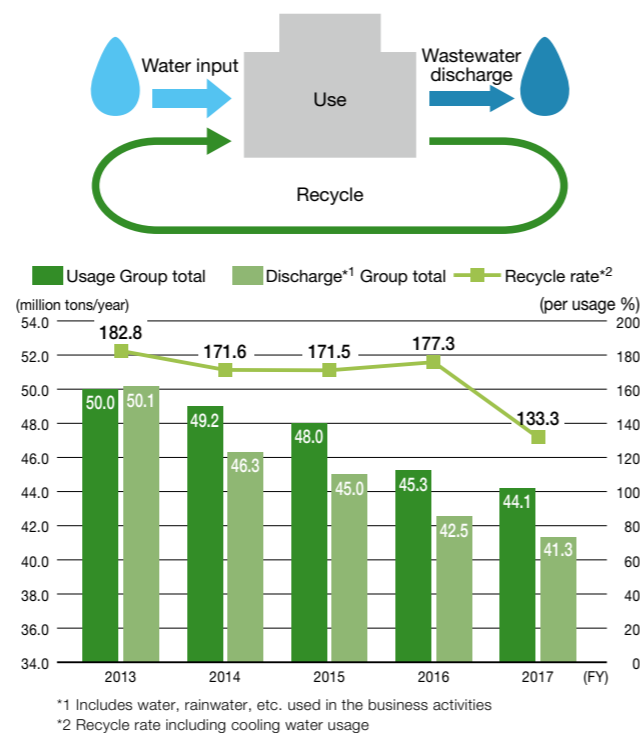


In evaluation of such activities regarding water risks and opportunities, we were assessed in A list by CDP Water 2017 (a water resource management survey conducted by CDP*), which marks the top ranking. And through our water-related target for FY2030, we are also engaged in the Improve Water Security initiatives under the environmental platform, We Mean Business.

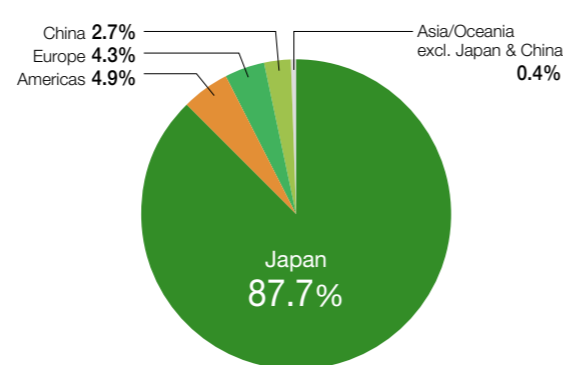


* CDP: An international NPO that promotes disclosure and management of corporate information concerning environmental impact in the areas of climate change, water, and forestry, in collaboration with institutional investors representing over \$100 trillion. There are 73 companies in the world (12 in Japan) that have been listed in CDP's Water A List 2017.

▼ **Annual Trend in Water Input, Recycling and Discharge as Wastewater**



▼ **FY2017 Water Usage by Region**



● **Measures to Reduce Waste**

The Fujifilm Group is proceeding more effective use for resources and reduction of waste, not only at the manufacturing stage but over the entire product lifecycle as well. In addition to the emphasis on recycling and conservation of resources at the product design stage, reductions in the waste generated at the manufacturing stage are underway in Japan, North America, Europe and China, in ways that suit each region. In Japan, from FY2011 we have been promoting group-wide optimization, including extracting valuables from waste and improving the quality of recycling, not only at our production sites but over our entire business operations including offices and warehouses. In Americas, the regional headquarters promote this effort of group-wide optimization with other sites, too.

The volume of waste generated in FY2017 has reduced to the same level as the previous year due to reduction efforts, despite a decline in recycling rate of waste plastic to valuable resources due to the strengthening of Chinese plastic import restrictions. This figure also indicates a 2% increase compared to the FY2013 level (the base year of the target for FY2030). In China, FUJIFILM Printing Plate (China) has started collecting waste solvent, distilling it and reusing it, and working on promoting the utilization of waste. We will discuss our long-term waste reduction strategy and related concrete measures across the Fujifilm Group based on a reviewed understanding of the content of waste and its treatment in each site, while taking account of changes in the business portfolio.

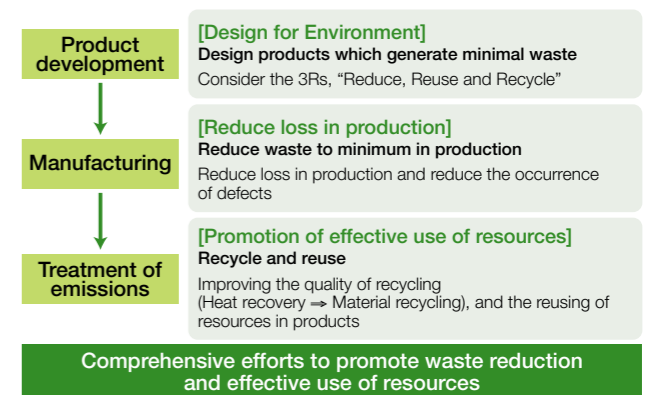
We introduced a new group-wide environmental data collection and management system in FY2016. We can conduct more accurate assessment in a timely manner and control of the waste generated by the Group, including its sales offices in each area in the world.

● **Improve the Efficiency of Resource Use**

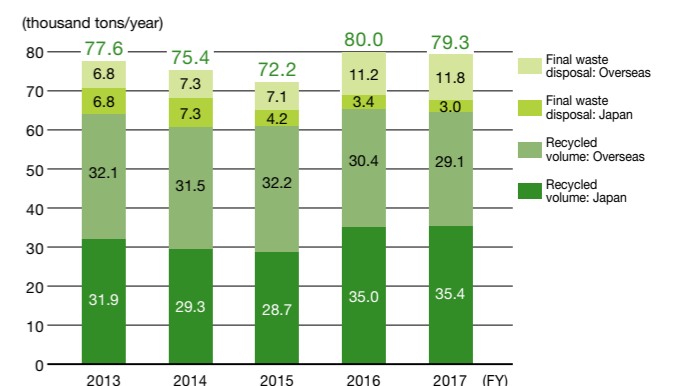
The Fujifilm Group develops and offers a wide range of products such as chemical products, functional materials, optical devices, office equipment, and medical equipment, etc. For this reason, in FY2016, we formulated the Assessment Method of Material Input per Unit (resource material input weight per converted production volume) that utilizes the "Converted Production Volume (production volume of each product converted using the energy used during production)" which is authorized by the Energy Saving Act in Japan. We started to use this method in FY2017. The FY2017 assessment results showed a 7% improvement compared to the previous year thanks to various production efforts, such as loss reduction and reuse as raw materials of the end portion that was discarded so far in the production sites, and designing resource-saving and downsized products in R&D. The achievement against the FY2030 targets (compared to FY2013) also marked a 22% improvement, demonstrating our steady progress.

For multifunction devices and copiers which is one of our main products, we collect customers' used products and reuse or recycle them, based on our principal of "treating used products as valuable resources instead of as waste." The program aims to utilize resources as effectively as possible with "Zero Landfill" as our goal. Since FY2016, we are promoting the planning for new products that emphasize the use of reused parts.

▼ **Outline of Measurements for Waste Reduction in Fujifilm Group**

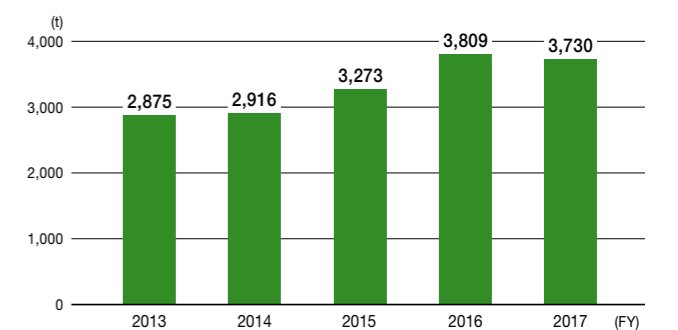


▼ **Annual Changes in Waste Generation*1, Recycling & Final Disposal*2**



*1 Processed by external service providers and simple incineration or landfill disposal on sites.
*2 Simple incineration or landfill disposal by external service providers and on sites.

▼ **Fuji Xerox New Resource Reduction by Using Reuse Parts*** (Total for Japan, the Asia-Pacific Region, and China)



* The total amount of new resource reduction in the production stage by using reuse parts.

In FY2017, the recycling and reuse rate for used products continued more than 99.5%, our Zero Landfill standard for all domestic and overseas sites, and 99.5% for sites in Japan. On the other hand, the volume of parts reused to reduce the consumption of new resources was 3,730 tons by 79 tons reduction from the previous year. This was because the volume of parts reused is declining due to product downsizing even if the production volume remains the same. We continue resource usage reduction through comprehensive 3R activities.

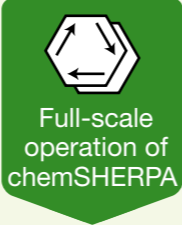
Priority Issue 3

Address Energy Issues toward a Non-Carbon Society

Target for 2030	Contribute to the creation and widespread use of renewable energies through highly functional materials.
	To build the carbon neutral society envisioned under the Paris Agreement, the Fujifilm Group will develop and make available energy-related technologies that use highly functional materials from three aspects: energy creation, energy storage and energy conservation. We continue contributing to renewable energy creation and dissemination through accelerating the introduction and widespread use of renewable energies in society by our technologies.
Outline of Activities in FY2017	<ul style="list-style-type: none"> R&D for solar cell materials, next-generation batteries (lithium-ion batteries, fuel cells and all solid-state batteries), and other developments are in progress.
Future Activities and Targets	<ul style="list-style-type: none"> Continue and strengthen R&D activities into the future.

Priority Issue 4

Ensure Product and Chemical Safety

Target for 2030	Minimize adverse effect on chemical substances on human health and the environment.
	Because the Fujifilm Group manufactures a wide range of products including chemical products, functional materials, optical devices, office equipment, and medical equipment, we have established management rules for the different assembly and manufacturing processes of our products from two perspectives: management of the handling of chemical substances and management of information on chemical substances in our products. We have implemented global operations management across the Group and we have established a system to acquire accurate information on the laws and regulations in each country and region around the world to start a prompt preparation in an early stage. This has allowed us to maintain comprehensive and efficient management of chemical substances.
Outline of Activities in FY2017	<ul style="list-style-type: none"> Completed the review of chemical substances in use, based on our voluntary management policy for specific chemical substances preceding regulation. Demonstrated the accuracy of evaluation system of alternative test method as a skin sensitization test, "ADRA." Started full-scale operation of chemSHERPA, a new system for sharing information on chemical substances in products, in Japan. <div style="text-align: right;">  </div> <p>Related Data and Information: Environmental information Page 63</p>
Future Activities and Targets	<ul style="list-style-type: none"> Make and execute a management plan for each managed chemical substance. Adopts "ADRA" test method in OECD (Organization for Economic Co-operation and Development) test guideline. Expand use of "chemSHERPA" to our production sites in Asia region.

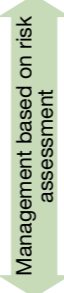
● Management of Chemical Substances

In addition to the current regulations, Fujifilm Group manages chemical substances using self-regulatory S classification, which places prior restrictions on the use of chemical substances that may be restricted in the future and that pose a threat to health and the environment. If these substances are found to be in use, they must be changed to

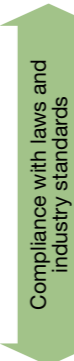
safer alternatives as soon as possible and these substances are restricted their use in new products. This management system was introduced at the facilities in Japan in FY2016. In FY2017, all substances used in Europe, Americas and China have been inspected to conform with the S classification. We will formulate and execute a management plan for substances that come under S classification.

▼ New Classification Chart for Chemical Substance Management

Classification by regulation and management policy	
S0	Ban on use
S1	Replacement with alternatives
S2	Reduction in consumption/ emission volumes
S3	Create of alternative plans
S4	Study for replacement of substances
Not classified	



Management based on risk assessment



Compliance with laws and industry standards

● Safety Evaluation

Fujifilm evaluates the safety of developed chemical substances and chemical substances used at each stage from the development to commercialization of products. Also, from the viewpoint of animal welfare, we are actively working to develop alternative test methods and to participate in collaborative research on skin sensitization and corrosive tests. In FY2017, we conducted a validation study on Amino Acid Derivative Reactivity Assay (ADRA), developed by Fujifilm for skin sensitization test as an alternative to animal

testing method, and we confirmed that our method is more sensitive than conventional alternative test methods as a skin sensitization test for chemical substances. We will work to have our "ADRA" method adopted by the OECD test guidelines as a skin sensitivity test.

● Management of Chemical Substances in Products

Fujifilm has formulated the Fujifilm Green Procurement Standards for the chemical substances contained in its products. Founded on this standard, we manage the chemical substances in raw materials, parts and components of our products in cooperation with our suppliers, so as to deliver secure products to customers. In FY2017, we completed the introduction of our new "chemSHERPA" scheme to communicate information on chemical substance in our products among companies, and have started full-scale use. We will expand this scheme to our facilities in Asia.



Holding briefings for suppliers on the introduction of chemSHERPA

OPINION | Third-Party Opinion on "Environment"



Mr. Takejiro Sueyoshi

Special Advisor
UNEP Finance Initiative

Profile

In addition to being involved in UNEP FI, Mr. Sueyoshi has served in various positions, such as committee member on various types of councils on the Central Environment Council, advisor to Kawasaki City and Kagoshima City, part-time lecturer at Waseda University and others. He also works as an external member of the board to companies and engages in efforts to raise awareness on environmental issues and the social responsibility of companies on TV, in newspapers, published works, and lectures.

terms of water, waste, and resources, in the category of resource recycling. It is also distinctive to the Fujifilm Group to have minimized environmental and human impacts from the chemical substances used in their business.

As human activities have exceeded safe margins in some areas of the Planetary Boundaries, the Earth's environment is now facing a dangerous stage. Against this backdrop, demands from international society are becoming even stricter—such as zero CO₂ and waste emissions—in order to seek visible results.

I hope that the Fujifilm Group adapts flexibly to such changes and continues to achieve even better environmental results.

Looking forward to achieving even better environmental results through SVP 2030 as the Earth's environment is at a dangerous stage

The Fujifilm Group's SVP 2030 covers a wide range of complex global issues. As their primary targets, the Group chose four pillars of climate change, resource recycling, energy, and chemical substances, which were well balanced and appropriate.

The concrete measures taken based on these pillars were also noteworthy. For example, the Fujifilm Group has established a goal of 30% CO₂ emissions reduction (compared to the FY2013 level) by 2030 in the category of climate change. Not only was this target very ambitious but the Group has already achieved a 15% reduction across the entire product lifecycle by 2017. The Group has also proactively worked on reducing environmental impact in

Response to the third-party opinion

We are grateful for the outstanding appraisal of our SVP 2030. This is our new long-term CSR plan with the reduction targets in our business processes and in society through our products and services, considering the Paris Agreement.

We have made a good start in our initial year of SVP 2030. We will continue our efforts in addressing each environmental issue including searching and taking the opportunity to use renewable energy, and developing products that contribute to solve climate change and energy issues through our recently established the environmentally conscious product certification program.

We plan to review progress toward our SVP 2030 targets every year, and aim to achieving higher targets with our utmost efforts, in coordination with our business plans toward realizing the carbon neutral society.

(CSR Group, Corporate Planning Division, FUJIFILM Holdings)

Health

Create a healthy society through the process of prevention, diagnosis and treatment in healthcare.



Social Issues

One of the goals set out under SDGs is to “achieve universal health coverage (UHC), ensuring that all people can access essential quality health services without facing financial hardship.” UHC requires the development of medical infrastructure that makes healthcare and medical services readily available to all, improvement in medical care quality and society that places top priority on health, with emphasis on disease prevention and early detection.






Fujifilm Group’s Goals under SVP 2030

1. Fulfill unmet medical needs.
2. Improve accessibilities to medical services.
3. Contribute to identifying diseases at an early stage.
4. Contribute to health promotion and beauty.
5. Promote management of a healthy workplace.

Health is a theme of great importance and attracts the highest level of interest from people. However, there are many issues to be addressed—not only in terms of unmet medical needs, but also other issues that include the medical divide, the shortage of doctors, the increased burden on doctors and high medical expenses. Also protecting our employees’ health is a significant responsibility for the company because our employees are the foundation of our business activities. Fujifilm Group began its X-ray film in 1936, soon after the company was established. Today, the scope of our businesses have expanded into prevention, diagnosis and treatment of diseases in our drive to become a “total health company.” We will mobilize its technologies, products and services to resolving various issues and contributing to further improving the quality of medical care and better health for all.

The Key Points in FY2017 Activities

OUTPUT		OUTCOME
Constructed a new factory to manufacture liposome drug		Support in disseminating new treatment methods
Applied AI technology to medical IT		Improvements in the quality of medical care and a reduction in the workload on doctors
Improved cancer screening rates for employees		Maintaining our employees’ better health

Priority Issue 1

Fulfill Unmet Medical Needs

Target for 2030	Develop and disseminate new treatments based on regenerative medicine and cell therapy.
	The Fujifilm Group is striving forward in the development and dissemination of new therapies for unmet medical needs, where effective treatment is still to be found. Fujifilm possesses the highly functional material synthetic technologies and engineering skills that we have gained through our photographic film development and production, including advanced nano dispersion technology, analysis technology, and production engineering technologies. We are actively seeking synergetic collaborations with business partners who also possess superior technologies, in order to develop new solutions in regenerative medicine and cell therapy and improve accessibility to such advanced treatments.
Outline of Activities in FY2017	<p>[Target] Develop new treatment solutions ① Regenerative medicine, ② Anti-cancer measures, ③ Infectious disease treatment</p> <ol style="list-style-type: none"> 1 Submitted application to the Ministry of Health, Labour and Welfare for approval on a partial usage change of Autologous Cultured Epidermis JACE® to expand applications for epidermolysis bullosa treatment. 2 Started U.S. Phase I clinical trials of the anti-cancer agent FF-10832 for advanced solid tumors. (Development of a liposome drug that will be selectively delivered to the tumor, enhancing the pharmacological efficacy.) 2 Started Phase II clinical trials in Japan on therapeutic radiopharmaceutical F-1614 targeted at refractory melanocytoma. 2 Started U.S. Phase I clinical trials of anti-cancer agent FF-10101 targeted at recurrent and/or refractory acute myeloid leukemia. 2 Launched a PET radiopharmaceutical Fludeoxyglucose (18F) intravenous injection. 3 Received the Prize for Science and Technology under a Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology FY2018 for development of an influenza antiviral drug with a new mode of antiviral action for pandemic prevention. 3 Started Phase III clinical trials of Favipiravir, a broad-spectrum antiviral agent targeted at severe fever with thrombocytopenia syndrome (SFTS). <p>[Target] Improve accessibility to new treatment solutions (④ Contribution through contract development and manufacturing, ⑤ Contribution through development and dissemination of products that support advanced medicine)</p> <ol style="list-style-type: none"> 4 Further enhanced contract development and manufacturing business of biopharmaceuticals* and started operations at a new manufacturing building in the US Texas site. 4 Built a new factory aiming at stable supplies of our high quality and reliability liposome drug utilizing our exclusive technologies. 5 Acquired Irvine Scientific Sales Company and IS Japan, leading companies in the area of cell culture media. <p>*Biopharmaceuticals: Pharmaceutical products utilizing biological particles, such as proteins, that provide effects unachievable by conventional chemically synthesized small-molecule drugs. Such biopharmaceuticals include insulin, vaccines, and antibody drugs. Antibody drugs utilize antibodies, proteins used by the immune system to protect our bodies from infectious or abnormal organisms, such as viruses and cancer cells, by recognizing them selectively.</p>
Future Activities and Targets	<ul style="list-style-type: none"> ● Introduce our regenerative medicine products to the market, expand their application to treatment, and improve contract manufacturing for these products. ● Accelerate development of our new drug pipeline. ● Expand contract manufacturing for biopharmaceuticals. ● Develop and disseminate cell culture or other production technologies that support advanced biomedical treatment (gene therapy, etc.).

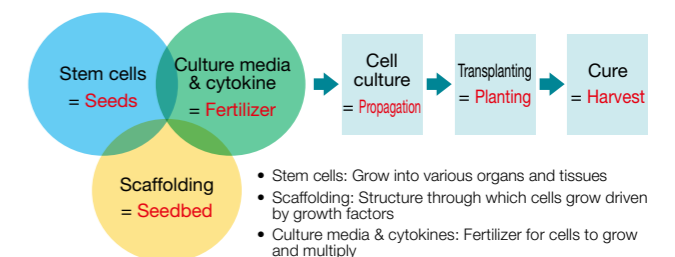


● Development and Dissemination of Cell Culture Media to Contribute to Regenerative Medicine and Cell Therapies

Cell culture media are critical technology and materials used in the research, development, and production of regenerative medicine products and biopharmaceuticals. It is said that the quality of the cell culture media determines the quality and medical efficacy of the cell culture. As social attention is increasingly drawn to biopharmaceuticals and cell therapies as new approaches to medical treatment, high quality cell culture media are also in demand. The Fujifilm Group is accelerating its R&D in the field of regenerative medicine in

▼ Three Key Elements Required in Regenerative Medicine

* Below is an explanation of these three elements using the analogy of “rice cultivation”



various aspects, such as the acquisition of Japan Tissue Engineering Co., Ltd., the first company to develop and introduce products based on regenerative medicine to the Japanese market. In 2017, the Group acquired Wako Pure Chemical (current FUJIFILM Wako Chemical), a manufacturer and seller of laboratory chemicals, cell culture media, specialty chemicals and clinical diagnostic reagents, as a consolidated subsidiary. This acquisition enabled the Group to finally obtain the three key elements required in cell culture, as well as entering the cell culture media business. In June 2018, the Fujifilm Group also acquired Irvine Scientific Sales Company (ISUS) and IS Japan (ISJ), leading companies in cell culture media with a wide range of products including culture media for biopharmaceutical production, in vitro fertilization and cell therapy. Making the best use of their advanced R&D expertise, quality management skills, and production knowhow, we now can develop and produce customized culture media to suit various customer needs. We are now capable of developing a variety of medical solutions from biopharmaceuticals to in vitro fertilization and cell therapies, as well as offering optimized cell culture media to pharmaceutical companies, bioventure companies, and academic institutions across the world.

The Fujifilm Group will disseminate products based on regenerative medicine and cell therapies that have high potential as more accessible standard medical treatments by uniting all the Group's technologies toward wider industrialization.

● **Development and Dissemination of Liposome Drug That Delivers Medicine Selectively to Cancer Cells for More Effective Performance**

The Fujifilm Group is endeavoring to develop new medicines for cancer, central nervous system diseases, and infectious diseases, particularly focusing on drug delivery system (DDS) technology.* One example is our liposome drug that can deliver medicine selectively to cancer cells to increase the efficacy of the medicine. Our revolutionary drug could drastically change the standard of drug-based anti-cancer treatment such as application and expansion of technology to oligonucleotide therapeutics and gene therapy. We started clinical trials for the liposome drug FF-10832 for

advanced solid tumors in the US in May 2017. We will construct a new manufacturing facility for liposome drugs at the production site of Toyama Chemical Co., Ltd. This new facility is expected to produce drugs for both research and commercial purposes, and will provide a stable supply of high quality liposome drugs. The new facility is scheduled to start operation in February 2020.

* Drug delivery system (DDS): Systems to transport a pharmaceutical compound in the body in the required amount to the desired site in an appropriate timing. Liposome drug is expected to deliver a specific medicine solely to cancer cells, thereby reducing side effects and at the same time increasing medical efficacy.

● **Spreading Biopharmaceuticals as Effective Drugs**

Biopharmaceuticals are expected to be effective medicines for unmet medical needs as they have very few side effects and offer high efficacy. However, biopharmaceutical manufacturing requires advanced production technologies and facilities. Pharmaceutical companies across the world are thus increasingly contracting CDMOs* to develop manufacturing processes or actually manufacture their biopharmaceuticals. By utilizing the production and quality control technologies gained through our photographic film business, we have promoted a business for developing and manufacturing biopharmaceuticals to provide a stable supply of high quality products. In FY2017, we built new manufacturing facilities at our US Texas site and introduced additional equipment to produce antibodies to reinforce the development and manufacturing facilities of our CDMO site. We also added an antibody production process development site in the UK to reinforce our contract development and manufacturing business.

* CDMO (Contract Development Manufacturing Organization):

A company or organization to develop production processes and provide manufacturing services.

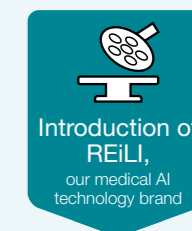


New manufacturing building of FUJIFILM Diosynth Biotechnologies where single use 2,000-litre mammalian cell culture tanks have been installed. This company possesses advanced biotechnology knowhow to efficiently produce proteins used for biopharmaceuticals utilizing animal cells and microorganisms, and process management expertise that covers from cultivation to extraction and purification.

Priority Issue 2

Improve Accessibilities to Medical Services

<p>Target for 2030</p>	<ul style="list-style-type: none"> (1) Reducing burden on doctors and medical staff by utilizing IT (2) Development and dissemination of infectious disease diagnostic system to contribute to global health (3) Offering technical diagnosis training and spreading effective health practices to emerging countries
	<p>The rapid aging of society is proceeding in Japan, and population and economic growth are advancing in emerging countries. As a result, these countries are experiencing expanding medical demands, giving rise to a variety of problems, such as the insufficient number of doctors and nurses, their harsh working conditions, and regional disparities in medical services. The death rate from infectious diseases is still high in developing countries, and eradication of infectious diseases, such as AIDS, tuberculosis, and malaria, is also one of the SDGs. The Fujifilm Group is contributing to the establishment of a sound medical environment and to supporting medical staff to realize disease prevention, make early diagnoses, and provide early treatment through combining our exclusive technologies acquired over the years with the large volume of data we have accumulated in the medical IT field, and with AI technology.</p>
<p>Outline of Activities in FY2017</p>	<p>[Target] Expand and spread services using AI & IoT technology to reduce burden on medical staff</p> <ul style="list-style-type: none"> ● Announced our medical AI technology brand, REILI, in April 2018. Also, started joint research with AI technology vendors and medical organizations, including LPixel Inc., a bioventure company established by researchers from the University of Tokyo. <p>[Target] Spread rapid tuberculosis diagnostic kits in developing countries</p> <ul style="list-style-type: none"> ● Completed Phase 1 development of a highly sensitive rapid tuberculosis diagnostic kits TB-LAM. This kits are being developed by Fujifilm and FIND* with the Global Health Innovative Technology Fund (GHIT Fund), which aims at creating innovative therapeutic drugs, vaccines, and diagnostic drugs originating in Japan. <p>[Target] Spread health check system and help improve the medical environment in emerging countries</p> <ul style="list-style-type: none"> ● Fujifilm and the Saudi Arabian General Sports Authority signed a memorandum to establish the country's first women's health check center, aiming to contribute to women's health in a country where health check systems do not exist. ● Held the first FUJIFILM Mammography World Conference. Staff from Group companies in Japan, Europe, the US, the Middle East, Asia, and Oceania gathered to share technical information and knowhow. ● Participated in overseas business expansion and ODA projects, supporting medical environment improvement in five Mekong countries (Thailand, Laos, Myanmar, Cambodia, and Vietnam), Indonesia, Brazil, and Zambia. <p>* FIND (Foundation for Innovative New Diagnostics): Swiss non-profit organization that helps development and spread of new diagnostic techniques for infectious disease suitable for developing countries.</p>
<p>Future Activities and Targets</p>	<ul style="list-style-type: none"> ● Start full-scale R&D of medical AI technology. Plan to start each service in FY2019 to FY2020. ● TB-LAM was chosen for the Phase 2 GHIT Fund (FY2018 to FY2022). We will conduct further clinical trials toward WHO certification and commercialization, aiming to "terminate tuberculosis epidemics by 2030." ● Spread our diagnosis systems in emerging countries and continue to provide education for medical environment improvement.



TOPICS

Priority Issue 2

Diffusion of Health Checks in Emerging Countries

Fujifilm signed a memorandum with the Saudi Arabian General Sports Authority to establish the country's first women's health check center

Fujifilm has reached an agreement with the Saudi Arabian General Sports Authority concerning cooperation in maintenance of the country's first women's health check center and exchanged a memorandum. Saudi Arabia is currently working through its growth strategy, Saudi Vision 2030. Japan has agreed on economic cooperation with the Saudi government, and one of these cooperation fields is healthcare and medicals. Our cooperation project is being realized through efforts by governments of the two countries and Saudi Arabia's promotion of the social advancement of women as a part of its growth strategy. In Saudi Arabia, obesity among women is recently becoming a problem but in the Middle East and Africa region, there are no health check systems like those in Japan. Fujifilm is supporting Saudi Arabian

women to be healthy and active, making full use of our expertise as employed in Japan's medical services, which boast some of the world's most prestigious standards. We are contributing to organizing a health check system for women and eventually for all people in Saudi Arabia.



Exchanged a memorandum with Princess Reema, who is responsible for sports promotion among women in the General Sports Authority

● **Utilizing AI and IoT in the Medical IT Field**

The Fujifilm Group provides medical IT worldwide to efficiently utilize X-ray diagnostic imaging systems, endoscopes, ultrasonic diagnostic systems, etc. that offer high-precision diagnoses. Our Picture Archiving and Communication System (PACS),* SYNAPSE, boasts the largest market in Japan supporting doctors' imaging diagnosis through our exclusive image processing and recognition technology that make various types of lesions more visible.

We have developed AI technology that can support (1) medical imaging diagnoses, (2) streamline departmental workflows, and (3) automate medical equipment maintenance

services. In April 2018, we announced this AI technology under the brand name, REILI. We are now creating AI technology by combining the image recognition technology that we cultivated to date with deep learning, and further fusing this AI technology with PACS. This fusion should enable us to develop AI technology and solutions that comprehensively support the diagnostic imaging workflow, such as helping detect a potential lesion image from a series of images and creating a semi-automatic report by comparing the image with past cases. In order to address various diseases, we offer an open platform from the development stage. We are also seeking business partners from AI technology vendors

across the world who possess superior technologies. By combining diverse AI technologies both from inside and outside our company, we will provide a wide range of services that support doctors' diagnoses and working efficiency.

* PACS (Picture Archiving and Communication System): An image diagnosis system in which images captured by CT, MRI, DR, and the other devices are stored in a server, and doctors can display these images on a local terminal in the hospital to interpret them. The number of captured images is increasing in recent years, and a solution that allows doctors to efficiently interpret and diagnose such images is required.

● **Efforts for Early Detection of Infectious Diseases**

Fujifilm has developed a diagnostic system to detect the influenza virus at an early stage of infection using highly sensitive identification technology, to which the unique silver amplification technology used in the photographic film development process is applied. We are working to expand this innovative technology into equipment to enable early detection of various infections across the world.

Tuberculosis (TB) is one of the three major infectious diseases in the world. As a single infectious disease, it accounts for the largest number of deaths in the world. In 2016, 10.4 million people developed tuberculosis and 1.7 million people died from it. In addition, HIV patients, more frequently found in developing countries, tend to easily develop tuberculosis due to their weakened immune systems. However, a TB screening system for HIV patients is not available in areas where the medical infrastructure is inadequate. There was therefore a strong demand for the development of POCT* kit that was sensitive, easy-to-use, fast at diagnoses, and available at a reasonable cost. In April 2016, Fujifilm started development of TB-LAM jointly with FIND using a subsidy from the GHIT Fund, and completed Phase 1 development in 2017. TB-LAM is a highly sensitive kit that uses urine specimens to detect tuberculosis among HIV patients. In May 2016, we conducted a large-scale clinical evaluation in South Africa. From 2018, we plan to conduct clinical trials to acquire further evidence, which is driven by GHIT Fund's Phase 2. These trials are aimed to be included in the WHO's list of recommended medical device which is essential for our kit to be adopted in developing countries. In order for our kit to be adopted in countries that are suffering from TB, we will also promote our kit to the Ministries of Health of the relevant countries, human rights organizations, and global health NGOs, in addition to the WHO. We have now obtained simulation results that TB-LAM could reduce the TB infection rate by 16% and mortality by 39% in 10 years if the kit were to be widely used for HIV patients and children. The kit will greatly contribute to reducing both TB mortality rates and the spread of infection.

* POCT (Point of Care Test): An examination system that can be performed near the patient and provide results on the spot.

● **Efforts to Improve the Medical Environment in Emerging Countries**

The Fujifilm Group has been offering support for medical skill improvement, human resource development, and medical infrastructure organization in various areas across the world. This has been achieved through participation in the international promotion of Japanese medical technology and services led by the Ministry of Economy, Trade and Industry, the Ministry of Health, Labour and Welfare, and

other organizations, as well as through Japan's Official Development Assistance (ODA). We particularly focused on spreading screening systems for breast cancer and other diseases in Middle Eastern countries where screening systems are not common, such as Qatar and Saudi Arabia (see Page 26). We have been promoting installation of digital mammography systems and offering image interpretation seminars, based on the cooperative relationships with Middle Eastern governments that we have built up over the years. In Africa, we have been leading the installation of medical equipment and training programs for doctors and technicians in areas where medical facilities are not sufficient through Grant Assistance for Grassroots Human Security Projects. Through such efforts, we installed digital X-ray system in 13 medical institutions across Zambia in 2017, making screenings that used to be only available in cities more widely accessible across the country. Also, in Indonesia and Brazil, we established a medical infrastructure to realize telemedicine services in order to help correct disparities in medical standards between urban and rural areas.

In Thailand, we are preparing for the overseas business expansion of CureSign (see Page 29), which is already widespread in Japan. Thailand is experiencing a rising problem in terms of lifestyle diseases, along with its economic growth, yet disease prevention awareness and health check rates remain low. Our project received grants as a part of the JETRO Project for Nurturing New Industries in ASEAN and Japan, which will conclude on September 30, 2018. In the remaining period of the project, we are making progress with the final verifications toward CureSign commercialization.

FY2017 Medical Care Improvement in Emerging Countries through Public International Business Promotion Projects

[MHLW project] A technology transfer project for early diagnosis and treatment of digestive diseases in five Mekong countries (Thailand, Laos, Myanmar, Cambodia, Vietnam) with the aim of promoting use of endoscopes and ultrasonic diagnostic system in Thailand

[METI project] Regionally specialized remote diagnosis model project in Indonesia

[JICA project] Medical collaboration promotion project utilizing remote imaging diagnostic technology in Brazil*

[JETRO project] Promotion of blood test services as a lifestyle disease countermeasure in Thailand*

* Those marked with ★ will continue in FY2018.



Mammography seminars for doctors were held across Latin America. This photo: Mexico.



In Qatar, we were involved in the National Screening Project for Breast and Colon Cancer and the Nationally Unified IT Project, contributing to raising the level of medical treatment for the whole country.

Priority Issue 3

Contribute to Identifying Diseases at an Early Stage

Target for 2030	Reduce the physical burden through widespread and expanded use of medical diagnostic systems.
	To maintain our health, it is important to detect diseases at an early stage even if there are no recognized symptoms, or take countermeasures for unpleasant symptoms before they have reached the level of disease. However, one in three Japanese people still do not take a regular health check* regardless of the seemingly wide understanding of the necessity for such proactive health checks. The Fujifilm Group contributes to the early detection and treatment of diseases through making easy-to-use self-health check systems widely available across society. * The FY2014 National Health and Nutrition Survey by the Ministry of Health, Labour and Welfare reported that among people of ages 20 and above in Japan, 27.8% of males and 37.1% of females had not undergone a health check (general health check, health examination or complete medical examination) within the last year.
Outline of Activities in FY2017	<ul style="list-style-type: none"> Promoting the blood test service, CureSign, mainly for health insurance association members' family members who are not legally obligated to take regular health checks (FF) <p>* CureSign: A service in which a user collects a small sample of their own blood using a blood collection kit and sends the sample to the test center by post. Within a week or two, the blood test results will be sent back by post. Currently, available check items are stomach cancer, stomach ulcer, duodenal ulcer, and 14 items related to lifestyle diseases, including metabolic syndrome. The average number of annual users of the service as of FY2017 was 12,000.</p>
Future Activities and Targets	<ul style="list-style-type: none"> Accelerate CureSign test service adoption by health insurance association, and as a part of the health check scheme prior to life insurance subscription. Assess market expansion overseas. Continue business preparations in Thailand, as a part of the JETRO Project. The project is expected to be completed in September 2018 (see Page 28).



Priority Issue 4



Contribute to Health Promotion and Beauty

Target for 2030	(1) Prolong healthy lives. (2) Support for women empowerment.
	As the aging society progresses, increasing healthy life expectancy* is a significant social issue in order to minimize increasing medical costs and elderly care issues. At the same time, the elderly are expected to remain an active part of society. The Fujifilm Group is contributing to realize "The older you get, the more enjoyable life is. A society with laughter regardless of age." We do this by offering anti-aging care cosmetics and foods with functional claims which we have taken salacia and astaxanthin in and developed using our exclusive technologies. * Healthy life expectancy: Formally, Healthy Average Life Expectancy (HALE). Average number of years that a person can expect to live in "full health" by taking into account years lived in less than full health due to illness and/or injury. The first international report was made by the World Health Organization (WHO) in 2000. In 2016, the HALE for Japan was 72.14 years for males and 74.79 for females. The difference between the HALE and average biological life expectancy was 8.84 years for males and 12.35 years for females.
Outline of Activities in FY2017	<p>[Target] Prolong healthy lives and support a positive state in everyday life</p> <ul style="list-style-type: none"> Launched foods with function claims, such as those that help to reduce body fat, reduce triglycerides, and lower blood pressure to support improvement of lifestyle related diseases. Supported the "Happy at one hundred." project that promotes extension of healthy life expectancy through media advertisements, a dedicated website, and various events. The advertisements won the Excellence Prize in the Newspaper Advertising category under the 70th Dentsu Advertising Awards, and the Excellence Prize in the Signboard category under the Transit Advertisement Grand Prize 2017. <p>[Target] Support women in staying healthy, beautiful, and attractive</p> <ul style="list-style-type: none"> Launched a new lineup of ASTALIFT, our anti-aging skincare cosmetic range Launched a new lineup of ASTALIFT Inner Care series and supplements that make us beautiful from inside our body Held the ASTALIFT skincare trial events.
Future Activities and Targets	<ul style="list-style-type: none"> Increase number of trial sessions of highly-functional and scientifically-proven anti-aging care products. (Aim at a total of 10 million people who have experienced our products by 2030.) Increase the number of people's SNS postings on our healthcare products, such as experience reports. (Aim at a total of 100,000 postings by 2030.)



Priority Issue 5

Promote Management of a Healthy Workplace

<p>Target for 2030</p>	<p>Promote management of health and productivity to maintain employees' vitality.</p>
	<p>As the Fujifilm Group believes it essential to ensure that employees can work with energy and remain in good health both physically and mentally at their workplaces, to maintain our position as a leading company by Creating New Value which is stated in our Vision, we have been working to promote employees' health promotion activities focusing on the priority areas such as preventing lifestyle-related diseases and cancers, quitting smoking, mental illness and preventing overwork.</p> <p>In occupational safety and health, our effort will be directed to ensuring safety at work for our employees by making safety a priority and to implementing absolute compliance with the laws related to safety and health, founded on the belief that "occupational safety is the basis of all business activities."</p> <p> Occupational Health and Safety Policy http://www.fujifilmholdings.com/en/sustainability/vision/health_safety.html</p>
<p>Outline of Activities in FY2017</p>	<p>[Target] Raise cancer screening rates to 90% or more (for men/women: stomach, lungs, large intestine)</p> <ul style="list-style-type: none"> Steady increase in the number of endoscopic examinations and women undergoing checks for gynecological cancer Opening of a medical clinic specializing in endoscopic examinations, organization of seminars promoting colorectal cancer examinations and other continuing efforts were promoted for employees. Advancement of medical examinations with e-mails, promotional guides and other literature that caters to age group and gender <p>[Target] Reduction in number of workdays lost</p> <ul style="list-style-type: none"> Group-wide health/mental health committee set up to analyze the causes of absences, used to assess signs of mental illness and to implement measures at an early stage. Research to assess the situation with incidents at work in overseas Group companies started in FY2017. Establishment of common indicators related to occupational safety and management and introduction of a self-audit system <p>[Other major activities]</p> <ul style="list-style-type: none"> Affiliates and subsidiaries of Fujifilm and Fuji Xerox established goals, KPIs, etc., for their respective health improvement plans Announcement rankings for number of smokers at each business site and approach targeted for key sites Introduction of web tools that will allow employees to check their own stress levels at any time. Health management system that matches the quality of the system in Japan to be introduced for resident employees working abroad. 
<p>Future Activities and Targets</p>	<ul style="list-style-type: none"> Reinforce health management and promotion organization and health management across the entire Fujifilm Group by various continuing measures. Introduce measures that focus on breast cancer and colorectal cancer, which have a high incidence ratio, and on growth rates for cancer medical care expenses Introduce measures to promote better health by further utilizing the Health Data Bank. Continue measures in the face of the 2019 revision to the regulations on maximum working hours.

In July 2013 the Fujifilm Group established a group-wide health promotion council composed of the Group companies' HR divisions, industrial doctors and the Fujifilm Group health insurance association. Since then we have been promoting health promotion measures through this council. We established a Health Promotion Group under FUJIFILM Holdings in July 2018. In the future, this group will be responsible for health promotion measures and occupational health, following the PDCA cycle to promote health across the entire Fujifilm Group with a focus on priority measures. In addition, we will encourage the introduction of Health Data Bank for multilateral consolidation of regular

health check results and stress check data for all employees in our Group companies and at the same time develop a system that can be used effectively by employees, the Group companies and industrial doctors.

In a high evaluation of these activities, FUJIFILM Holdings was recognized under the 2018 Certified Health and Productivity Management Organization Recognition Program (Large Enterprise Category)—White 500, same as FY2017.

TOPICS

Priority Issue 5

Employees' Health Promotion Activities

American Fujifilm companies set a new Guinness World Record

Seven Fujifilm companies across America brought 817 employees together at multiple venues on April 6 to set a new Guinness World Record for the most people doing air squats for one minute.

In 2014, as part of its MSD* program for employees, Fujifilm introduced "Fujifilm Fit," a health promotion program for its entire US operations which succeeded in reducing injuries and the cost of incidents at work. All participating companies have adopted Fujifilm Fit. As the program spread group-wide, the health examination participation rate for the various business sites increased by 20%, prompting the company to push for a Guinness World Record.

The program offers employees activities in which they can improve their physical and mental health, including group exercise classes to build self-motivation and energy at work. The program will be further disseminated and expanded in scope to maintain

sound health and safety in the work environment.

*MSD: Musculoskeletal disorders involve chronic pain in the musculoskeletal system, including the upper and lower back, arms, etc.



Employees doing air squats at each site. Participants from Seven American Fujifilm companies: FUJIFILM Manufacturing U.S.A., Inc., FUJIFILM Holdings America Corporation, FUJIFILM North America Corporation, FUJIFILM SonoSite, Inc., FUJIFILM Recording Media U.S.A., Inc., FUJIFILM Diosynth Biotechnologies U.S.A., Inc., FUJIFILM Dimatix, Inc.

Priority Issue 5

Health Awareness Promotion among Employees

Lecture held on the theme of "continue working with good health and fitness"

As part of Fujifilm's activities to promote employee health, lectures were given by Mr. Tadashi Shiwa, Director of the Fujifilm Health Management Center, who has worked as industrial doctor for the Company for 22 years.

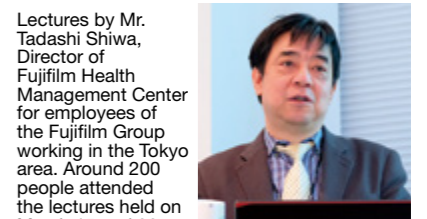
General statistical data on major business corporations show that the fatality rates by type of disease for persons in active employment are 50% for cancer, 25% for myocardial infarction, apoplexy and arteriosclerosis, and 25% for accidents

or other causes. The figures were roughly the same at Fujifilm before his appointment as director of the center. Based on the findings, Mr. Shiwa implemented detailed guidance on habits to improve health and prevent lifestyle diseases.

In particular, he offered clear guidance on smoking, excessive drinking and obesity, which are regarded as being the cause of all types of cancer.

"My goal as an industrial doctor is to reduce fatalities during active employment to as near to zero as possible. With the early detection of cancer, guidance on lifestyle habits that will prevent arteriosclerosis and mental health programs, we will be able to prevent nearly all deaths. Because they work hard and are committed to their work, however, employees find it difficult to make sure they have regular health examinations and treatment at external medical institutions. For this reason, the Center introduced every possible measure, including cancer screenings, guidance on and treatment for lifestyle related diseases, mental health programs, instructions on how to quit smoking, vaccinations and examinations of helicobacter pylori," he said. As a result of these efforts, the number of deaths fell from 10 or more per year 22 years ago to only 1, the result of an accident, in 2016. We succeeded in achieving zero deaths from disease among employees.

His lectures, in which he presented statistics and case studies based on his 22 years of experience, were a great opportunity to renew our awareness of the risk of lifestyle related diseases and the importance of early action. Fujifilm will continue to improve employee awareness through these promotions to promote good health management.



Lectures by Mr. Tadashi Shiwa, Director of Fujifilm Health Management Center for employees of the Fujifilm Group working in the Tokyo area. Around 200 people attended the lectures held on March 15 and 22.

The 12 Articles on Cancer Prevention

- Quit smoking.
- Avoid secondhand smoke whenever you can.
- Drink moderately (one cup of Japanese sake, one large bottle of beer or 2/3 cup of shochu liquor or less).
- Eat a balanced diet (less processed meats and red meat).
- Eat only moderate amounts of salty food (no more than 9 g of salt for men; 7.5 g for women).
- Eat plenty of vegetables and fruit.
- Exercise moderately (walk 60 minutes each day; 60 minutes of moderate exercise, slight perspiration each week).
- Keep the optimum weight (BMI: 21-27 for men, 21-25 for women).
- Prevention and treatment of infections from viruses and bacteria (Helicobacter pylori & hepatitis virus)
- Have regular cancer examinations.
- Have a medical examination if you experience any physical problem.
- Obtain accurate information on cancer and learn about the disease.

Seven Good Health Habits

- Do not smoke. Avoid secondhand smoke.
- Do not eat excessive amounts of fats, sugar and salt. Base your diet around vegetables, and avoid taking too much snacks.
- Walk for at least 30 minutes each day, and do exercise that causes you to perspire a little for at least 30 minutes each week.
* Walking 8,000 steps each day prevents cancer, diabetes, high blood pressure, depression and dementia.
- Check your weight each day and maintain it at the optimum level.
- Have regular health examinations, and get treatment for diabetes, hyperlipidemia and high blood pressure at an early stage.
- Only drink moderate amounts of alcohol, or do not drink at all.
- Avoid getting stressed, and get 7-8 hours sleep each day.

Daily Life

Support the tangible and intangible aspects of infrastructure in people's lives through various products, services and technologies.



Social Issues

As industrial and economic development proceed urbanization, our lives have become more convenient and comfortable. At the same time, however, stress and a sense of isolation from society have surfaced as serious issues. In particular, the breakneck speed in the spread of information has created new sources of entertainment and services, but at the same time has generated anxiety and risk as well. To build a society that is both sound and sustainable, we must build an infrastructure and environment will enable everyone to live with a feeling of security and safety and develop communication methods that provide mental support and a sense of fulfillment in life.






Fujifilm Group's Goals under SVP 2030

1. Contribute to creating a safe and secure society.
2. Contribute to enriching humanity and relationships between people.

Photography, the original business of the Fujifilm Group, has the power to preserve memories of events and help us to lead fulfilling lives. The Fujifilm Group contributes to preserving culture and history, as well as information that is vital to society, and to developing a society that is safe, with less crime and fewer accidents through infrastructure development utilizing technologies that were created from photographic film manufacturing. We have also renewed our awareness into the power of photography to enrich lives and we are developing and disseminating new products and services that lead to strengthening relationships between people and to enriching everyday life.

The Key Points in FY2017 Activities

OUTPUT	OUTCOME
Support for the maintenance and management of the infrastructure  Infrastructure Photo Analysis Cloud Service "Crack Finder (Hibimikke)"	Contribution to creating a safe and sustainable urban life
Safe, long-term storage of big data 	Improvement in the quality of life through diverse data applications
Create opportunities to enjoy photography around the world 	Greater communication through photography

Priority Issue 1

Contribute to Creating a Safe and Secure Society

Target for 2030	<ul style="list-style-type: none"> (1) Develop technologies for products and services and promote their greater use to contribute to the development of an ICT. (2) Contribute to enhancing the safety of infrastructure through more efficient inspections for the deterioration and malfunctioning of buildings and structures.
	<p>In modern society, the risks that can threaten people's lives have diversified. Newly arising issues, such as Internet crime, spread along with the rapid advancement of the information society, careless digital data management, and the deterioration of infrastructure are some of these risks. The Fujifilm Group continues to develop and disseminate new technologies that address such ever-changing social risks to minimize their possible damage. In concrete, we are contributing to building a safe and secure society by offering secure means of digital data storage over a long period of time in this big data era, improving information security, and helping to maintain the infrastructure.</p>
Outline of Activities in FY2017	<p>[Target] Aim at 100% preservation of records archived on tapes</p> <ul style="list-style-type: none"> Received the Prime Minister's Awards under the 7th Monodzukuri Nippon Grand Award (hosted by METI, MLIT, MHLW, and MEXT) in recognition as the "large-capacity data tape with outstanding performance in total user costs, an achievement bolstering the era of big data and IoT." (Fujifilm) <p>[Target] Shorten the inspection periods of deterioration and malfunctioning through providing a non-destructive inspection system</p> <ul style="list-style-type: none"> Started providing a new Infrastructure Photo Analysis Cloud Service, Hibimikke (Crack Finder, April 2018). <p>[Other major activities]</p> <ul style="list-style-type: none"> Development of technology for the recognition of unique objects, Yoctrace, which contributes to security reinforcement and counterfeit prevention. Launched a camera monitor system (CMS) chart set FC-UNR46SET, in March 2018, which complies with the United Nation regulations for a CMS for a vehicle (UN-R46*) to be used in the analysis and verification process of vehicle CMSs. This contributes to safety improvement during driving. <p>* UN-R46 Uniform provisions concerning the approval of devices for indirect vision and of motor vehicles with regard to the installation of these devices: Regulations concerning an agreement on indirect vision systems in cars. The Ministry of Land, Infrastructure, Transport and Tourism enforced the revised regulations in June 2016, to permit replacement of rearview mirrors on vehicles equipped with a CMS. This enabled the production of a completely mirrorless car. Vehicles in Japan can now be equipped with CMSs as defined in UN-R46, in place of conventional rearview mirrors.</p>
Future Activities and Targets	<ul style="list-style-type: none"> Promote long-term data storage in a safe and reasonable manner by pursuing higher data storage density on magnetic tapes in the world. Further utilization of the technology for the recognition of unique objects, Yoctrace, into security services and quality safety management.

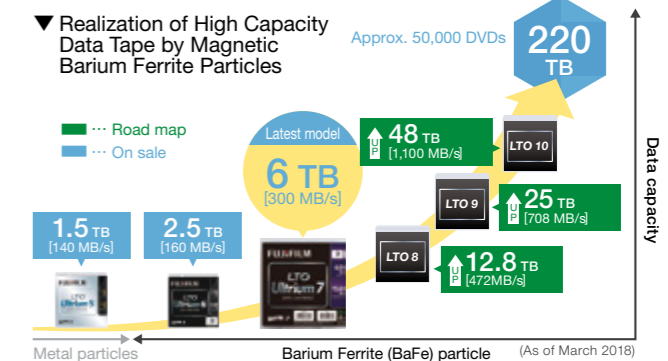


TOPICS

Supporting Safe and Long-Term Storage of Big Data

The large-capacity magnetic tape received the Prime Minister's Awards under the 7th Monodzukuri Nippon Grand Award

Fujifilm received the Prime Minister's Awards under the 7th Monodzukuri Nippon Grand Award (Product & Technology Development category) in recognition as the "large-capacity data tape with outstanding performance in total user costs, an achievement bolstering the era of big data and IoT." Our magnetic tape was the world's first products adopting magnetic Barium Ferrite (BaFe) particles in 2011, making a technological breakthrough with regards to the capacity limitation of magnetic tapes, which was an imminent issue at that time. Since the market introduction of our BaFe-based magnetic tape, which significantly enhanced data storage density, the development of data storage systems that utilize our tape has accelerated. The award presented us this time was due to high appraisal of our precise response to the social need of storing big data, which is increasingly used in society, safely and over a long period of time at a reasonable cost, through our large-capacity magnetic tape that contributes to an overall cost reduction for data storage. It was also in recognition of our leading-edge technology that provided a chance of further



capacity enhancement of magnetic tapes for the future. We will continue to contribute to the safe and long-term storage of important data through further improvement of storage capacities.

TOPICS

Priority Issue 1 Supporting Safe Maintenance of the Infrastructure
Diagnostic imaging service to halve the infrastructure maintenance time

Fujifilm has started offering a new Infrastructure Photo Analysis Cloud Service, Hibimikke (Crack Finder), which utilizes the high precision imaging technology we cultivated through our medical diagnostic imaging systems. Many major infrastructures in Japan, such as bridges and tunnels, were built during the high-growth period of the Japanese economy and are now experiencing signs of deterioration. Both national and local governments require regular inspections as well as tightening the details of such inspections. However, conventional inspection methods are highly manual, and are therefore time consuming, and securing inspection experts is a growing issue. Such methods include close visual inspections for cracks and other signs of deterioration by inspection experts who possess advanced techniques and knowhow, making records of such deterioration signs by photographs and illustrations, and converting the photographs and illustrations into digital data to create the relevant reports.

Hibimikke is a cloud service that can automatically create a photo montage of multiple photographs uploaded to a server and detect cracks using image analysis based on Artificial Intelligence (AI). Further, it creates a comprehensive dataset concerning the detected cracks. Our service supports human inspection work to halve the conventional working time, while significantly improving working efficiency and inspection precision. Through the Hibimikke service, Fujifilm is contributing to safe and efficient infrastructure maintenance, as well as work style reforms through improved working efficiency.

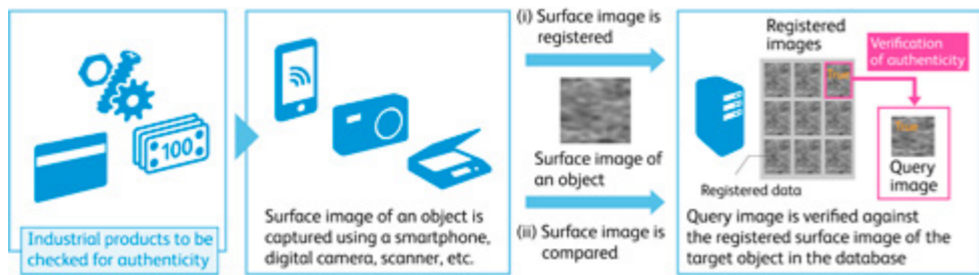


Take photographs of the concrete surfaces of bridges, piers, and tunnel for inspection. Upload the photographs to a server, and the service automatically detects highly precise images of cracks larger than 0.1 mm wide (shown as red lines). The service then automatically creates CAD data of images and crack detection results.

Priority Issue 1 Contribution to Counterfeit Prevention
Advanced image processing technology to contribute to security reinforcement and counterfeit prevention

With the global spread of counterfeit goods, the imitation trade is now a more serious issue than ever, pushing up the financial damage by fake or pirated goods to 500 billion dollars, which is equivalent to 2.5% of the world's total trading figure.*1

A technology for the recognition of unique objects, Yotrace, developed by Fuji Xerox, can recognize unique objects by identifying a random pattern on the product surface generated during the manufacturing process. Yotrace verifies with extreme accuracy by matching a product surface with the registered image that contains the entire random pattern, rather than picking up the similar points of the image and the product surface as in fingerprint matching. For this reason, Yotrace can also be used to help prevent the counterfeiting of cash vouchers and ID cards, which require high security. The service can also contribute to security reinforcement of cryptocurrency in conjunction with blockchain technology.*2 From autumn 2018, Shohei Printing Co., Ltd., a printing company dedicated



to security media, is planning to start five digital security services, including advanced authenticity assessment and authentication utilizing Fuji Xerox's technology. Fuji Xerox is considering to apply Yotrace technology for the recognition of unique objects beyond counterfeit prevention into quality control during manufacturing processes and distribution traceability.

*1 Announced in April 2016 by the Organisation for Economic Co-operation and Development (OECD).

*2 Blockchain: Distributed database that is used to maintain a continuously growing list of ordered records called blocks.

Priority Issue 2 The Heart to Heart Communication
—“PHOTO IS” 50,000—Person Photo Exhibition
Japan's largest photo exhibition grows to 50,000 participants

This exhibition started as “PHOTO IS” 10,000—Person Photo Exhibition in 2006 to display all the participants' photographs. The number of participants increased as years went by, and in 2017, marking its 12th year, it was held as The Heart to Heart Communication—“PHOTO IS” 50,000—Person Photo Exhibition expanding its number of exhibition venues as well as the number participants to the largest in its history. Total of 50,507 photos were submitted (120% compared to the previous year) and more than 1.2 million people visited 36 venues across Japan. In FY2017, we held a photo exhibition under the same concept in Malaysia, the first time overseas. This attracted 5,530 photos and the exhibited photos were highly welcomed by audiences, who carefully appreciate the photos. We plan to expand this exhibition to countries beyond Malaysia—



The first overseas photo exhibition under this theme in Malaysia (right)

including Germany, the US, Canada, and Thailand in FY2018. Many of the works applied in FY2017 were snapshots of people's day-to-day lives, such as a beautiful sunset or the smiling face of a child. Some 30% of the works was taken using a smartphone, and the number of applications from smartphones was double that of the previous year. As smartphones become wide spread across the world making photography a daily enjoyment, Fujifilm would like to promote the joy and importance of photography by printed photographs in our lives through this exhibition.

Priority Issue 2
Contribute to Enriching Humanity and Relationships between People

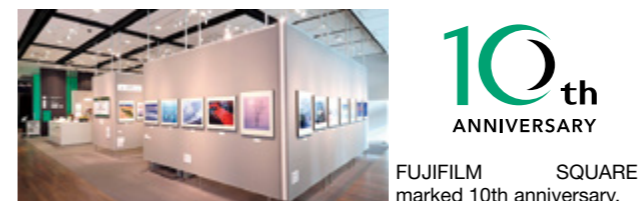
Target for 2030	Contribute to enriching and making people's lives peaceful through records of photos and videos, and photographic products that give form to memories.
Outline of Activities in FY2017	<p>The wide-spread use of smartphones and SNSs has made photographs an important and indispensable daily communication tool, enabling people to express themselves and share their feelings with each other. As a leading company of photographs, the Fujifilm Group connects people heart-to-heart, disseminating the value of photographs to enrich their lives. By providing a various way to enjoy photography, including shooting, preserving, displaying, and gifting, we always aim to expand the potential of photography keeping up with the times, and contribute to the development of photographic and imaging culture and realization of enriching lives in society.</p> <p>[Target] Offering opportunities to enjoy photos that give forms to memories</p> <ul style="list-style-type: none"> ● Held a series of FUJIFILM SQUARE 10th Opening Anniversary Photo Exhibitions under the themes of History, Now, and Tomorrow that feature photography based upon each respective theme. ● An exhibition that displays all the participants' photographs was held with 50,000 participants, the largest number in its history. The exhibition was also held overseas. ● WONDER PHOTO SHOPS that offer a new way to enjoy photographs expanded overseas to a total of 61 stores in 25 countries (as of the end of FY2017). ● A hybrid instant camera, the square format instax SQUARE SQ10, which includes various image editing functions, was chosen as one of the GOOD DESIGN BEST 100 under the Good Design Award 2017.
Future Activities and Targets	<ul style="list-style-type: none"> ● Aim to further expand The Heart to Heart Communication—“PHOTO IS” 50,000—Person Photo Exhibition inside and outside Japan toward 100,000 participants by 2020. ● Offer products, services, and opportunities that disseminate the various ways to enjoy photography, across the world, including shooting, preserving, and displaying, and gifting photographs.



To develop photographic culture, since its foundation the Fujifilm Group has been promoting the wonderful nature of photography, along with its enjoyment, emotions, and the importance of passing down photographs over the generations. As a part of this promotion, we opened FUJIFILM SQUARE, which proudly marked its 10th anniversary in 2017. The SQUARE has held a remarkable 1,300 photo exhibitions and we have welcomed some six million visitors. In FY2017, we organized 86 photo exhibitions, including the 10th anniversary exhibitions, attracting more than 580,000 people. In recognition of such efforts, FUJIFILM Photo Salon

and Photo History Museum in the FUJIFILM SQUARE were awarded “This is MECENAT 2017” by the Association for Corporate Support of the Arts as a socially creative activity through artistic and cultural promotion. This is the third consecutive year that we have received this award, following 2015 and 2016.

A photo exhibition is a place of communication to connect people through photographs by transmitting the feelings of the photo taker to the photo viewer. The participation-based photo exhibition, The Heart to Heart Communication—“PHOTO IS” 50,000—Person Photo Exhibition started as a place of communication for the general public to pass their thoughts through photographs. In 2017, it marked both the largest ever number of applied works and number of venues, as well as expanding overseas for the first time in its history (see Page 34). Also in 2017, we launched a new hybrid instant camera, instax SQUARE SQ10, which offers much higher photographic definition and a function to edit the photo before printing. It adopts the square format—as popularized by Instagram—to expand the means of photographic expression.



New products and service to enjoy photos were offered. Hybrid instant camera instax SQUARE SQ10 adopts the square-format (left) and the PhotoZINE service through which people can make stylish photo books easily (right)



WONDER PHOTO SHOPS that offer a new photographic experience of the smartphone age expand overseas, now reaching 61 stores in 25 countries (as of the end of FY2017). The photos are in the U.S.A. (left) and Thailand (right).

Work Style

Promote social change where every person is motivated in the workplace through extending our in-house work-style reforms.



Social Issues

With the ever-increasing competition amid globalization and technological innovation, a company has to offer a work environment where individuals can exert their capabilities and creativity to the fullest extent and have greater satisfaction in their job. This is the way for a company to grow constantly—by streamlining its business and fully utilizing diverse human resources. To this end, it is indispensable for us to build a system that realizes a new way of working and delivers a communication environment free from limitations of time, location, language, gender, age, or disability. We must also promote various work styles for employees to choose to meet the needs of their lifestyle and life stage changes.





Fujifilm Group's Goals under SVP 2030

1. Create environments that lead to motivated workplace.
2. Develop and utilize diverse human resources.

The Fujifilm Group has brought evolution to communications in society through combining familiar paper data with digital data and seamlessly integrating with cloud services and mobile solutions. Enabling people to access and share the information in various forms with ease and without any conscious of the digital divide, we will expand the possibilities for providing various services and work styles in every possible workplace—in company offices, government organizations, and the fields of education and medical care, etc. The Fujifilm Group supports a wide range of work styles for the new age by enhancing the value of communications through human-centric “Better Communications” that we have fostered through our research and practice of work style reform in our own company. In addition, we believe that the capacity building of each employee and demonstration of the performance will contribute to our own company's growth and ultimately to society through our business. For this reason, we strive to create workplace that our diverse employees can exert their capabilities to the fullest extent.

The Key Points in FY2017 Activities

OUTPUT	OUTCOME
A new value proposition strategy, Smart Work Innovation 	Enhance work style reform
Set up personal office booths at train stations 	Support teleworking
Improving work environment for diverse employees to exert their capabilities 	Promote diversity

Priority Issue 1

Create Environments That Lead to Motivated Workplace

Target for 2030	Contribute to generate the innovation for organizations and society by offering solutions and services that support increasing worker's productivity and exerting their creativity.
	We aim to realize work styles that enhance people's creativity through offering to reform our means of communications. For example, we can automate business processes by seamlessly connecting multifunction devices and document information input through such devices. This can drastically improve productivity. At the same time, we plan to utilize our exclusive advanced technologies, such as natural language processing and image recognition, which we have cultivated over the years, along with AI and Big Data analysis, to extract valuable information. Then, we use this information to go beyond conventional work style reform to create a work environment that enables people to exert their intellectual creativity and satisfy their work. This in turn will contribute to innovative creation in organizations and in society.
Outline of Activities in FY2017	<p>[Target] Efforts in work style reform in our own company</p> <ul style="list-style-type: none"> ● Overtime working hours per employee has been reduced by 20% compared to 2013. (FF) ● Annual average total working hours per employee has been reduced by 143 hours since 2012. (FX) ● Business process visualization by IT; process reform through Robotic Process Automation (RPA). (FF) ● Enhance remote working system and satellite offices. (FX) <p>[Target] Actions for work style reform for customers</p> <ul style="list-style-type: none"> ● Announced on a new value proposition strategy Smart Work Innovation and its services (Mar 2018). <p style="text-align: right;">FF: Fujifilm FX: Fuji Xerox</p>
Future Activities and Targets	<ul style="list-style-type: none"> ● Promote further work style reform in our own companies. ● Enhance more practical solutions and services for customers' work style reforms.



Each Fujifilm Group company has been participating in the work style reform. Fuji Xerox, a company that has led such reforms, managed to reduce its annual average total working hours per employee by 143 hours over five years since FY2013. Fuji Xerox's teleworking system for domestic sales divisions is currently used by 7,800 employees among the domestic sales companies across Japan. This system streamlined sales activities and enabled utilization of employees' spare time to reinforce close contact with customers. Employees are encouraged to visit customer sites without needing to attend their offices; and for internal work, they can utilize mobile PCs and satellite offices. This is a mechanism that enables them to work and communicate anytime, anywhere, with anyone. Satellite offices located

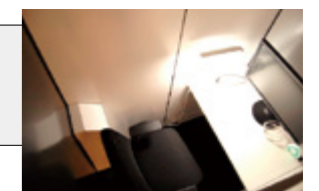
near customers' sites have now increased to 26 across Japan, and we also started a demonstration experiment to offer personal office booths at subway stations (see following article). Through these activities, we have also created a new value proposition strategy, Smart Work Innovation, that contributes to the work style reform at our customer offices (see Page 38).

We continue developing and providing products and services that utilize ICT and cloud technologies to realize new work styles for our customers while introducing case studies through which we solved our own business issues. In this way, we are advancing the creation of an environment where everyone at their workplaces are motivated.

TOPICS

Priority Issue 1

Contribute to Realization of Teleworking* Started experiment set up of personal office booths at subway stations



Fuji Xerox and Tokyo Metro Co., Ltd. started a experiment of installing personal office booths at subway stations in June 2018. As many companies promote work style reforms, teleworking has become a focus of attention as a means of flexible working. However, the environment that enables such teleworking is not yet sufficiently provided. Fuji Xerox has installed personal office booths that can be used by “teleworkers” who need to work on the move utilizing their spare time. The booth provides a complete personal space enabling them to concentrate on their work, and create company documents or make phone calls without fear of information leakage. Users can access the booking status of the booths and make an actual booking from a smartphone or

PC, with a minimum booking time as short as 15 minutes. Initially, we have installed booths in Tameike-Sanno station on the Nanboku line and Kitasenju station on the Chiyoda line, and plan to increase their number in the future.

Fuji Xerox will accelerate work style reforms by offering services to liberate people from the limitations of traditional working locations.

* Teleworking: An ICT-based work style that enable people to work regardless of their location or time of day.

A desk, chair, power outlets, large display, and secure Wi-Fi are provided in the single-size office booth.

TOPICS

Priority Issue 1 Solutions and Services That Contribute to Work Style Reform
Starting Smart Work Innovation, a New Value Proposition Strategy

Fuji Xerox has started a new value proposition strategy, Smart Work Innovation, which provides solutions and services to help our customers promote work style reform.

With the ever-increasing competition, amid globalization and technological innovation, improving work efficiency and competitiveness are sought while demonstrating creativity. Nevertheless, various restraints are preventing work digitalization, productivity improvement, and forcing workers to commit much of their time. The inefficiency dampens the effects of expertise necessary to carry out business and ultimately hinders overall improvements in organizational competency as well as creativity. Smart Work Innovation is a series of comprehensive solutions and services that can strengthen company's competitiveness to liberate workers from restraints that would generate repetitive tasks, open professional expertise owned by a few specialists to everybody, provide a secure communication environment, and gather/analyze beneficial information to encourage employees to transform their workstyles to a creative one. This is achieved

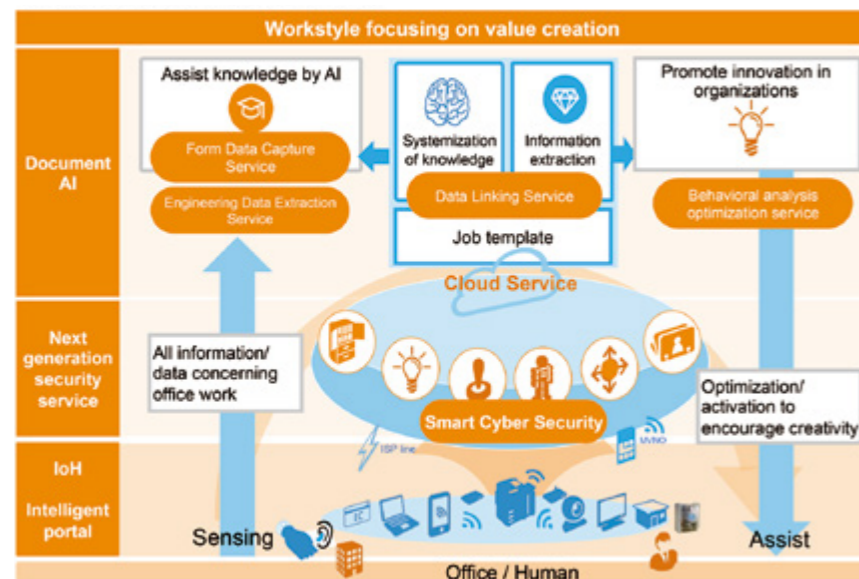
by utilization of Fuji Xerox's own Document AI* technologies developed through years of research, next-generation security technology that has been strengthened through the provision of security-related products and services, and the Internet of Things (IoT) and Internet of Humans (IoH) technologies fostered as a result of implementing them at customers and internally.

In April 2018, we started offering our Form Data Capture Service, Engineering Data Extraction Service, and Data Linking Service out of a total of five planned services. These services have already been tested at our customers' offices, showing both qualitative and quantitative effects. While providing access to large amounts of information on documents and designs in a less demanding manner, the service also enables utilization of specialized documents, as well as improving document-related processes, helping apply human resources, and mitigating labor shortages.

Fuji Xerox is thereby further advancing essential work style reform by supporting office workers to enhance their productivity and demonstrate creativity through Smart Work Innovation.

* Document AI: Fuji Xerox's proprietary AI technology that extracts valuable intelligence from documents that piled up in offices and leverages them in business operations. Compared to conventional AI processing that is based on processing big data from the Internet, Document AI demonstrates sophisticated processing even with comparatively small data volume because it uses quality data.

▼ Smart Work Innovation Overview

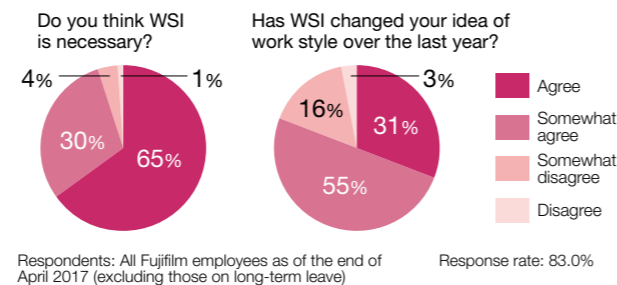


- [Services provided by Smart Work Innovation]**
1. Form Data Capture Service
 2. Engineering Data Extraction Service
 3. Data Linking Service
 4. Smart Cyber Security Service
 5. Behavioral analysis optimization service

Priority Issue 2 Internal Survey on Work Style Reform
Conducting an employee questionnaire to review Work Style Innovation activities

Fujifilm conducted an employee questionnaire to review the Work Style Innovation (WSI) activities that started in October 2014. The questionnaire covered questions about (1) WSI in general, (2) Work style reform, (3) Skill exertion of diverse employees, and (4) Enhancement of support systems. The questionnaire results showed that both the idea and necessity of WSI have been now well understood and the approach to work style has been changing among employees and workplaces. The number of people who answered that they enjoy a good work-life balance has also increased. On the other hand, the questionnaire identified a gap between the understanding and actual practice of WSI, as although 80% of employees answered that their working mindset had changed, only 70% of employees said that their actual way of work had changed. This is certainly an issue that we need

to address. Fujifilm will conduct such questionnaires regularly to reflect our employees' opinions toward improving our future WSI activities.



Priority Issue 2
Develop and Utilize Diverse Human Resources

Target for 2030 ■ Create frameworks and workplaces so that the Fujifilm Group's diverse may exert their capabilities and creativity to the fullest extent.

To create and develop a high-growth business and accelerate the global expansion in an ever-changing business environment, it is important for a company to develop human resources who support such business by creating an environment where diverse employees can exert their capabilities to the fullest extent. The Fujifilm Group has been creating frameworks to find, foster, and utilize human resources from a global group-wide viewpoint. Fujifilm Group also provides necessary training to develop human resources worldwide who can proactively create innovation to adjust to social changes. We are also working to develop a corporate culture in which each member of our diverse employees can exert their capabilities, embracing differences of gender, nationality, disability, and age.

Outline of Activities in FY2017

- **[Target] Increase the rate of international employees (i.e., non-Japanese) in major positions.**
 - Enhanced collaboration and discussion with HR officers in the US, Europe, China and the Asia Pacific region to achieve optimum HR allocation and appointments globally. (FF)
 - Five overseas subsidiary employees were accepted on the On the Job Training program in Japan. (FX)

[Target] Improve the rate of women in managerial positions.

- Percentage of women in executive and managerial positions increased from 3.4% in 2011 to 7.5% in FY2017. (FX)

[Target] Keep exceeding the legally stipulated rate of employment of people with disabilities.

- The rate of employment of people with disabilities in June 2018 was 2.3% (by the group-wide calculation method under FUJIFILM Holdings).

[Target] Achieve zero retirement of employees caused by nursing care, childbirth, and childcare.

- Number of employees permitted to work-at-home for childcare and nursing care increased by 2.7 times compared to FY2014. (FX)
- Introduced the Paid Leave by the Hour system in Fuji Xerox in addition to Fujifilm in April 2018.
- Held seminars for employees returning from childcare leave and their managers to raise awareness on how to make their return to work smooth. (FF)
- Held specialist seminars to prevent employees quitting their job for nursing care; increased support offices for nursing care. (FF)

[Other major activities]

- Held Global Highly Specialized Engineer Meeting for the first time to invite engineers from across the world. (FF)
- Started the Future Leaders Challenge Program for young employees in Jan 2018. (FX)
- Fuji Xerox Tokyo received the Excellence Prize under the Minister of Health, Labour and Welfare's awards for enterprises that promote telework (Shiny Telework Prize) in FY2017.

Related Data and Information: Personnel and Labor Page 58, 60 FH: FUJIFILM Holdings FF: Fujifilm FX: Fuji Xerox



Future Activities and Targets

- Enhancement of human resources training on compliance awareness, management skills, customer-oriented problem solving skills, and globally applicable skills.
- Further dissemination and acceleration of Work Style Innovation to realize diverse work styles with high productivity. (FF)
- Work style reform focusing on thorough business streamlining, work environment to exert employees' capabilities, and thorough labor compliance. (FX)

● **Human Resource Development**

Fujifilm

Fujifilm offers training programs for employees—from new graduates to managements—to enhance their individual roles and to create a corporate culture where employees and

managers are closely involved in their staff development. We aim to develop professionals who improve their capabilities on their own initiative and acquire highly marketable strengths, and exert their diverse personalities. To this end, as well as conducting career training to develop the strengths of our employees at each stage, we are providing systematic and

planned leadership development. We are also conducting training to enable employees to gain skills and competencies, and the basic skills needed by people working for organizations and functions such as R&D, production, sales and marketing, administration, etc.



Global HR conference was held to build systems for the worldwide human development

We are also implementing measures to foster global human resources based on scheduled training to develop global skills and mindsets, and improving the capabilities of our employees to work globally. For Japanese employees due to be appointed to positions overseas, we are introducing planned practical training and overseas onsite training to enable employees to gain practical experience in local workplaces. For employees of overseas subsidiaries, we are also implementing training for managers and training programs to disseminate the FUJIFILM WAY to all across the Group. In FY2017, we held the Global Highly Specialized Engineer Meeting for the first time. Our engineers from across the world and with different specialties exchanged ideas through discussions concerning the Group's technologies and issues.

Further, we have started building a framework to find, foster, and utilize excellent talent so that such employees can be appointed to their optimum positions—even beyond national borders. We also conducted a meeting with HR officers from the US, Europe, China, and the Asia Pacific, and we are now implementing concrete plans.

Fuji Xerox

Fuji Xerox seeks human resources who can think and act on their own, and are able to adapt to changes and initiate innovation. We are striving to improve both individually and organizationally to ensure that every employee can develop their competency in a self-reliant and self-controlled way, empowering them to create careers in which they can feel a sense of their own growth. In FY2017, we continued providing education programs based on both of job category and career stages. We are encouraging our employees to adopt a more global outlook in two ways: by appointing personnel from overseas to Japan and by sending Japan-based personnel overseas. We also invited two students from India in FY2017 as a part of the internship program under collaboration with overseas universities. In the job rotation program to appoint overseas employees to Fuji Xerox divisions in Japan, we appointed five employees to Japan in FY2017. The participants completed the program are now actively working in different countries.

Since FY2011, employees of affiliated sales companies in Japan have been able to apply for overseas training programs. In FY2017, we appointed 22 young employees from Fuji Xerox and affiliated sales companies in Japan overseas. We will continue to appoint young employees overseas in FY2018 too. In January 2018, we also started Future Leaders Challenge Program (28 participants) for which young employees across all the affiliated companies

in Japan can apply. This program is designed to develop the international leadership skills required by future business managers. The participants will have a number of sessions that include not only language training and mindset development, but also discussions and dialogues with top global leaders from both inside and outside the company.

● Diversity

Fujifilm

Fujifilm has been implementing Work Style Innovation activities, aiming to become a company where diverse employees can utilize their individual strengths to demonstrate their capabilities in effective ways of working that produce results. We have been continuing these activities based on the three principles of (1) Work style reform; (2) Skill exertion for diverse employees; and (3) Enhancement of support systems. Together, these activities generate synergetic effects.

In the area of work style reform in FY2017, we are advancing further working efficiency by business process visualization through utilization of IT, and process reform through Robotic Process Automation (RPA), in addition to our conventional work style reforms. The time created by such working efficiency advancement is then used for self-development, forming human networks, and enriching family life. Feeding back what the employees gained through such extra-work activities to the job, we continue a running cycle of human growth that benefits both individual employees and the company. Toward enhancing our support systems, jointly with employees, we provided seminars and events for those employees who are about to face new life stages to help them experience such life changes smoothly. Further, as a part of diversity enhancement, the entire Fujifilm Group set a medium to long-term expansion target for the employment of people with disabilities, in addition to those re-employed after retirement. We formed the employment expansion support

Measures taken in Work Style Innovation

- **Work style reform (Each one of us tries to develop ways to increase productivity and results per hour)**
 - Utilization of IT tools (Company-wide installation of Google Apps, holding IT-based work style reform events in all business sites, computerization of internal paper forms)
 - Less paper usage promotion
 - More efficient meetings (Facilitation seminars)
 - Reducing long working hours (Two leave-office-on-time days per week, work hour record check, and consultations at workplaces)
 - Raising awareness and reforming business processes (Training programs for selected managers and work style reform activities in each workplace)
 - Lectures by experts
- **Skill exertion for diverse employees (Utilize their strength in work regardless of gender or age)**
 - Career design training program for women employees (for those in their fifth year of employment)
 - Diversity management training program (for managers of female workers)
 - Career development training program (for employees in their 30s)
 - Career life design training program (for employees in their 50s)
- **Enhancement of support systems (Company supports flexible ways of working for childcare or nursing care)**
 - Introduced work-at-home system and Paid Leave by the Hour system
 - Support for care and work balance (Survey of employees involved with nursing care, care and work balance support seminar, and increased support offices for nursing care)

scheme across the Group companies to generate more job opportunities to match different people and to improve the job retention rate.

Fuji Xerox

Cultural Diversity is one of the value statements that compose Fuji Xerox's Shared Values philosophy. Our activities based on this statement are highly appraised externally.

The work-at-home system for employees engaged in childcare or nursing care to support their work-life balance and productivity improvement showed a 90% satisfaction rate by those who used the system. The number of users also increased from 129 in FY2014 to 344 in FY2017 (144 men and 200 women). Particularly, the number of male users was 4.5 times the FY2014 figure. Further, the Paid Leave by the Hour System was newly introduced to Fuji Xerox and its domestic affiliated companies in April 2018 to enable more flexible time-off practices.

As for the women empowerment in FY2017, issues concerning the performance appraisals and work environment of reduced work hour program users were raised in the All Fuji Xerox Women Empowerment Promotion Meeting. In response to the discussion, we published the Managers' Guide to Support Employees in Childcare. This guide systematically compiles explanations about systems, communications, and performance appraisals for employees who are involved with pregnancy, childbirth, and childcare at each stage. Especially for performance appraisals, the guide clearly instructs managers to set up appropriate job targets for those who use reduced work hour program. This is aimed to help employees satisfy both of work and childcare through

Major awards received by the Fuji Xerox Group in FY2017

- Fuji Xerox Tokyo: the Excellence Prize under the Minister of Health, Labour and Welfare's awards for enterprises that promote telework (Shiny Telework Prize)
- Fuji Xerox Tama: Prize of Excellence, Tokyo Metropolitan Government Women's Empowerment Awards 2017
- Fuji Xerox Tama: Platinum *Kurumin* Certification
- Fuji Xerox Shikoku: Governor's Prize, Kagawa Women *Kirasapo* Awards 2017
- Fuji Xerox: *Eruboshi* Certification based on the Act of Promotion of Women's Participation and Advancement in the Workplace (Level 2)
- Fuji Xerox Mie: Mie Prefecture Governor's Award as a Business of Best Practice in Employment of Persons with Disabilities 2017

fair appraisals.

Fuji Xerox also promotes the active employment of people with disabilities and encourages understanding in workplaces, which has resulted in satisfying the legally stipulated rate of employment of people



Fuji Xerox has regularly held the All Fuji Xerox Women Empowerment Promotion Meeting since 2015, propelling group-wide promotion in affiliated companies in Japan.

with disabilities throughout the year (2.18% as of the end of FY2017). Out of 45 affiliated companies in Japan, 32 companies satisfied the legally stipulated employment rate as of the end of FY2017. Fuji Xerox will continue to improve this rate even after becoming a part of the group-wide calculation method under FUJIFILM Holdings from FY2018.

OPINION | Third-Party Opinion on "Work Style"



Mr. Naoki Atsumi

Member of the Cabinet Office Regional Work Style Reform Support Team

Profile

Mr. Atsumi graduated from the University of Tokyo in 1992. He joined Toray Corporate Business Research, Inc. in 2009 after working in several different think tanks. Dedicated to research in the field of diversity and work-life balance for 25 years, he has conducted interviews with 1,050 leading companies across the world and studied data from more than 10,000 companies. He has also worked as a consultant to give practical support to companies implementing diversity and work-life

balance measures. After being appointed as a governmental officer in public council roles, he is currently working as a member of the Cabinet Office Regional Work Style Reform Support Team to train new consultants who will promote work style reforms in medium-to-small companies in regions across Japan.

Hope to provide a positive influence to the industry through the work style reform support services to clients

The Fujifilm Group is known to be one of Japan's leading companies in the area of diversity and work-life balance. The Group has also been one of the top ranking companies in the "100 Best Companies Where Women Play Active Part" by Nikkei WOMAN, in which I have been involved as a committee member. Such efforts by the Fujifilm Group have been recognized by various public awards.

So it is good news for other corporations that the Fujifilm Group offers its Work Style Reform Support Service utilizing their practical knowledge that has been tried and tested in their own companies. Work style reform has now shifted from management-led to frontline-led. Let me describe the keys for successfully

changing a corporate culture. From the perspective of employees, the keys are "JFK³" in Japanese. J stands for *Jiritsu* (initiative). Employees need to manage both their work and private life on their own initiative. F stands for *Fukan* (a long-term view). Employees should set their own long-range targets for both their office and their family life, and calculate back to today to think what they can do to achieve those targets. Finally, K³ stands for *Kattou* (difficulties), *Kakuto* (struggles), and *Kakugo* (determination), to achieve those targets regardless of difficulties and long-term struggles. On the other hand, the keys for the company are the "CH³." Simply put, a company that keeps Challenging in a period of Change always manages to get a big Chance. I do really hope that the Fujifilm Group will bring about a successful outcome for its own work style reform and provide a widespread positive influence to Japanese industry through its solution service to corporate clients.

Response to the third-party opinion

Thank you very much for valuing our efforts toward work style reform within the Fujifilm Group. By utilizing the knowledge and experience that we have gained over the years through our own efforts for work style reform, we are offering various solution services to contribute to the improvement of work styles in society such as ongoing trials of teleworking and Smart Work Innovation to promote work style reform so that people can fully exert their creativity as described in this report. We believe that people are literally the human "resources" for a company's development, and that the company can only grow sustainably by enabling its employees to exert their capabilities to the fullest extent in the sustainable environment for them. We continue to help our diverse employees to enhance their own abilities and to work efficiently through various measures such as Work Style Innovation. At the same time, we will continue offering products, services and technologies that contribute to work style reform in society, by making best use of our awareness and realization gained through implementing internal reforms.

(CSR Group, Corporate Planning Division, FUJIFILM Holdings)



Sustainable Value Plan 2030

Supply Chain

Strengthen CSR foundations across the entire supply chain including factors of the environment, ethics, and human rights.

Social Issues

In recent times, depletion of agricultural, marine and mineral resources is now of great concern as consumption of resources expands rapidly to keep pace with expansion of the global population and economic growth. In addition, environmental destruction associated with new land development and labor exploitation issues, including harsh working environments and overwork, are becoming social issues. Against this backdrop, corporations are now required to build sustainable supply chains from the viewpoint of the environment, ethics, and human rights so that they can maintain a sustainable manufacturing process to provide products and services.

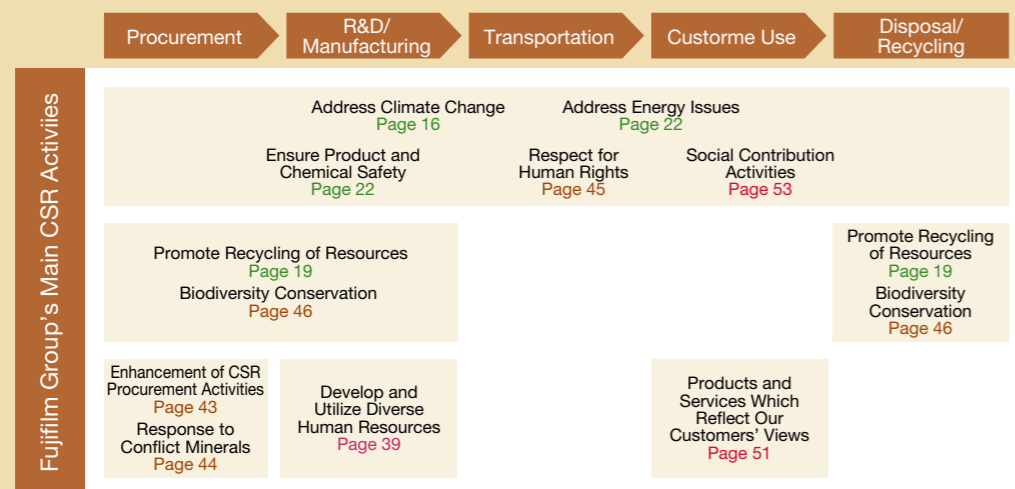


Fujifilm Group's Goals under SVP 2030

Strengthen CSR foundations across the entire supply chain.

The Fujifilm Group began as a manufacturer of photographic and motion picture film and has grown into a large corporation that encompasses 15 different businesses, including our healthcare business. Because of this change, the range of production related materials has increased and our supply chain now covers a wide range of fields. We understand the significance of corporate social responsibility and corporate ethics, and are implementing CSR activities to contribute to the sustainable development of society. However, it is impossible to achieve this through our own efforts alone, and it is important to tackle the issue across the entire supply chain. We ask our suppliers and partners related to the Group manufacturing processes to understand the importance of CSR management. With their understanding and cooperation, we will build a firm and strong CSR foundation by working together to resolve social issues.

CSR Activities Promoting throughout the Value Chain



Priority Issue

Strengthen CSR Foundations across the Entire Supply Chain

- Target for 2030
- (1) Realize sustainable procurement considering the environment, ethics and human rights.
 - (2) Ensure compliance with legislation on biodiversity.

In SVP 2030, we have reconfirmed CSR as a priority issue, notably factors concerning the environment, ethics, and human rights. Under the Fujifilm Group's Procurement Policy, we are strengthening our CSR foundation together with our suppliers to build a sounder supply chain that would achieve sustainable procurement.

In addition, based upon the Fujifilm Group Basic Concepts and Action Guidelines for Biodiversity Conservation (Guidelines for Biodiversity) established in June 2009, the Fujifilm Group is engaging in a wide range of environmental protection activities for the conservation and protection of biodiversity to sustain the various benefits we now receive from our ecosystem into the future.

- Human Rights Statement <http://www.fujifilmholdings.com/en/sustainability/vision/human/index.html>
- Guidelines for Biodiversity <http://www.fujifilmholdings.com/en/sustainability/vision/creature.html>

Outline of Activities in FY2017

[Target] Realize sustainable procurement

- Installed comprehensive supply chain management system in North America and commenced supplier surveys (FF)
- Achieved elimination of production line stops caused by suppliers' CSR risks in subsequent years => FX Shenzhen for three years & FX Haiphong for two years (FX)
- Obtained 100% response rate from suppliers for the conflict minerals survey (in the document business where customer interest is high) (FX)



[Target] Ensure compliance with legislation on biodiversity

- Continued risk assessment of biological resource procurement from the product design stage, based on internal rules (starting in February 2010)
- Participated in the Taskforce Committee for the Nagoya Protocol under the Ministry of Economy, Trade and Industry Japan (METI) (continuous participation since FY2014)
- Continued risk management for procurement of copier paper, one of our important products, based on internal rules and guidelines (since 2012)

Related Data and Information: Environmental information Page 66

FF: Fujifilm FX: Fuji Xerox

Future Activities and Targets

- Expand CSR procurement coverage to Europe (FF)
- Maintain 95% or more response rate from suppliers for the conflict minerals survey, and refine data accuracy (in the document business where customer interest is high) (FX)
- Conduct a more comprehensive impact assessment of potential human rights risks and reinforce preventative or mitigating measures
- Implement ongoing efforts to comprehensively manage biological diversity risks resulting from procurement, continuing our FY2017 activities.
- Study activities in compliance with the Natural Capital Protocol*.

* The Natural Capital Protocol: A standardized framework developed by the Natural Capital Coalition (NCC) for businesses to identify, measure and value their impacts and dependencies on natural capital to improve their decision making and strategies. First published in July 2016.

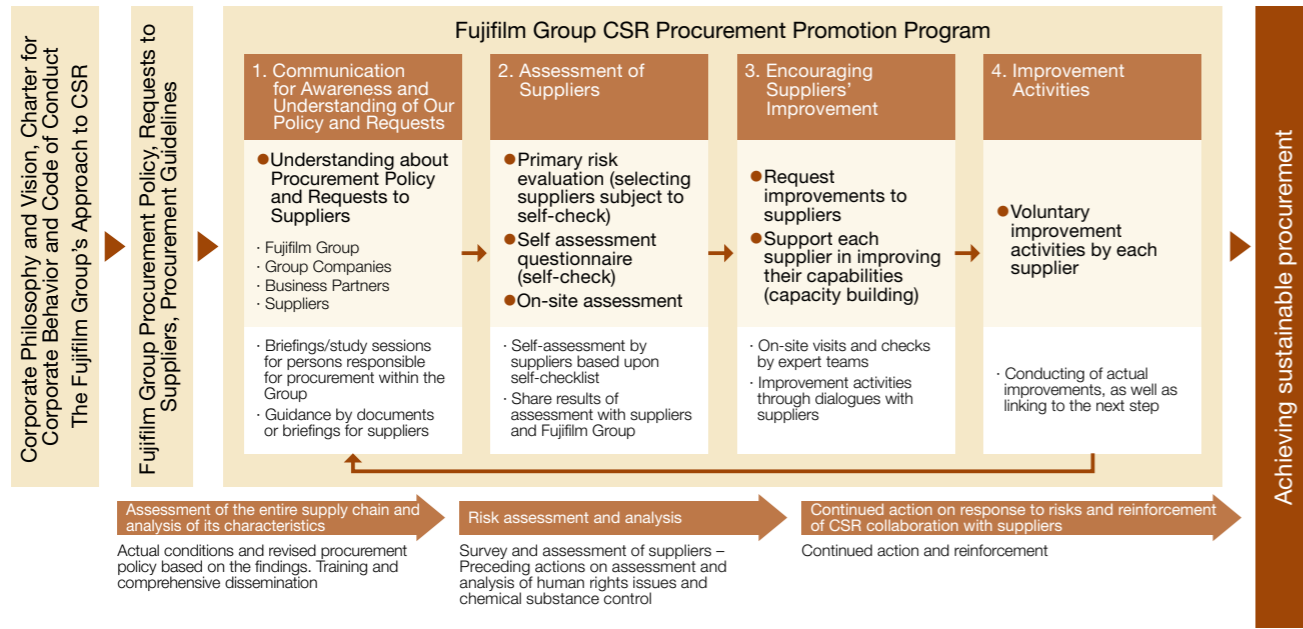
● Enhancement of CSR Procurement Activities

Fujifilm Group believes it is important that the business partners and suppliers, especially production materials suppliers, understand the importance of CSR management and work together with us in resolving issues. Therefore, we clearly stated the group-wide procurement approach, the Fujifilm Group Procurement Policy, and Requests to Suppliers.

In particular, Fuji Xerox, which has a high rate of overseas production (around 90%) and where the customer demand has been high at an earlier age, has started focusing on CSR procurement in 2007 and introduced a scheme for mutual

consensus assessment for CSR operations concerning the environment, human rights & labor, and corporate ethics with its suppliers. Under our mutual consensus assessment scheme, the results of a self-assessment by a supplier is cross-checked by Fuji Xerox, followed by discussions on discrepancies to finally reach agreement. The scheme is designed to give assessments in a manner that is more acceptable to our suppliers. This activity was started with production material suppliers, and gradually expanded to logistics and indirect material suppliers. In 2009, Fujifilm also started to ask some suppliers to conduct self-assessments, and later expanded the scope of these assessments to

▼ Fujifilm Group Supply Chain Management



suppliers covering 80% of the total procurement amount in each business division.

In FY2017, Fujifilm expanded CSR procurement assessments, that we have promoted in Japan and China, to suppliers for North America sites. In North America, we established a system to comprehensively manage the information of occupational health and safety, labor environments, and BCPs (Business Continuity Plans), as well as the conventionally managed the information of compliance for REACH, RoHS, and other regulations on chemical substances and mineral origins, including conflict mineral information. We then started gathering data through a survey of 90% of North American suppliers. By the end of FY2017, we achieved a 72% response rate. We are now analyzing the responses and discussing specific issues with suppliers. In FY2018, we plan to expand the survey to Fujifilm's production material suppliers in Europe.

The checklists used in these survey are based on the CSR standards issued by the United Nations Global Compact and the Responsible Business Alliance (RBA)*, and also includes comments by external experts. The checklists are revised in response to changes in legal regulations and social demands. Based on the survey results, we also request and support our suppliers to change their practices if it's required. The ratios of production material suppliers with compliance rate of 90% or higher on "very important" items are 99% for Fujifilm and 96% for Fuji Xerox.

The Fujifilm Group also provides briefings and dialogue meetings to raise awareness on the Group's CSR Procurement Policy among suppliers, and to emphasize that compliance with CSR procurement will reinforce their competitiveness in the supply chain. In FY2017 Fujifilm continued to hold briefings for production material suppliers. Cumulative number of participants is around 400 suppliers for Fujifilm.

Fuji Xerox also makes on-site visits in which expert teams from the department of procurement, personnel, and environment, etc. visit suppliers to identify any CSR risks more

accurately and provide advice and support for improvement. This scheme is supplementary to the conventional suppliers' self-assessment reporting in areas where there is a relatively high risk of production material supply cessation. We expanded this on-site visits to the suppliers of our Vietnam factories in FY2017, and in FY2018 we also plan to expand to suppliers in Korea and to start preparations for visits to suppliers of Fujifilm factories in China.

* Responsible Business Alliance and its Code of Conduct

● Response to Conflict Minerals

In recent years, there are growing concerns that the mining of mineral resources including in the Democratic Republic of Congo and the neighboring nine nations may have caused human rights violations and environmental destruction, and the profits earned from these minings may have financed unethical actions by armed groups.

The Fujifilm Group has declared that it will not use any minerals mined or refined by illegal practices, and will not be complicit, directly or indirectly, in supporting such activities. Further, our basic policy for procurement transactions states clearly that we are committed to addressing the issue of conflict minerals.

Fujifilm and Fuji Xerox participate in the Responsible Procurement of Minerals of the Japan Electronics and Information Technology Industries Association (JEITA*¹), joining other companies to study reasonable and effective measures to prevent involvement in human rights violations throughout our supply chain. With our business divisions and Group companies that are subject to strong customer expectations, we hold briefings for our suppliers in efforts to gain their understanding of our actions on conflict minerals. At the same time, we are working continually to gather the information and improve its accuracy in cooperation with our suppliers.

At Fuji Xerox, a company that belongs to the electronic and electrical machinery industry and with strong demand from customers, since 2013 we have conducted the reviews

of the history of the sources of our mineral supplies to identify whether there has been any armed intervention in our supply chain.

In the review conducted in FY2017, the supplier response rate reached 100%, and the percentage of conflict free smelters (CFSs)*² reached 46.2%, up by 6.2 percentage points over the previous year. Also, there are no information suggesting armed intervention. For FY2018, our target is to maintain the response rate at 95% or higher, and further effort will be made to improve data accuracy.

We are requesting our partners and suppliers to use conflict free smelters certified by RBA and other organizations, and will promote activities for responsible mineral procurement, in cooperation with our various stakeholders in the future.

*1 Japan Electronics and Information Technology Industries Association (JEITA): This industry organization aims to foster the sound production, trade, and consumption of electronic devices and components, thereby contributing to economic development and cultural promotion in Japan.

*2 Percentage of conflict free smelters: The percentage of smelters designated in our supply chain that have obtained conflict-free certification by RBA, etc.

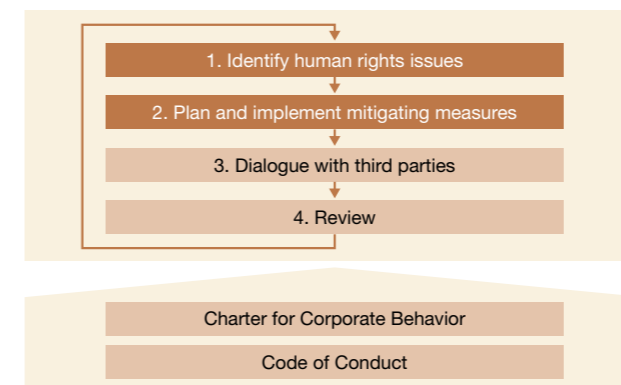
● Respect for Human Rights

Recognizing the importance of respect for basic human rights, the Fujifilm Group explicitly declares its determination to implement this in the Fujifilm Group's Charter for Corporate Behavior and the Fujifilm Group's Code of Conduct, and organizes regular training programs to these ends.

Since 2012, we have been participating in the Stakeholder Engagement Program (SHE) organized by the Caux Round Table. As a result of human rights issues for each industry studied in the Program*¹, we have been working since 2015 to identify and address human rights issues in the Group*². In the face of the expanding regulatory control on human rights issues, such as the Modern Slavery Act in the UK, California Transparency in Supply Chains Act, etc., and through dialogue with international human rights NGOs in FY2016, we have placed top priority on identifying and addressing potential human rights issues in the supply chain and with employees in the Group and have organized activities for CSR procurement collaborating with our suppliers (see Pages 43-44) and promoted CSR activities within the Group.

We have conducted our CSR procurement activities in Japan, China and the United States and conducted internal

▼ Human Rights Due Diligence Process



audits for the production sites of the Group. To expand the scope of our activities to other regions, to organize preliminary studies of response measures to be taken if a problem is discovered and to further strengthen and disseminate awareness of human rights issues within the Group, we decided to establish an independent policy, in addition to

▼ Human Rights Issues Considered Important for the Chemical and Construction Materials Industries

Key Human Rights Issues		In our group	Contractor/Cooperation company	Supply chain
Core operation/Supply chain				
Workplace condition	Working hours	◎	◎	◎
	Health and safety	◎	○	○
	Disciplinary measures	○	—	○
Discrimination	During work	○	○	○
	Risks to children	—	—	○
Child labour	Minimum age	—	—	○
	Working hours and conditions of employment	—	—	○
	Employment of young workers	—	○	○
Forced labour	Deposits and papers	—	○	○
	Forced overtime	◎	◎	◎
Freedom of association	Freedom of association and collective bargaining	○	○	○
	Conflict with local law	○	○	○
Community				
Resources	Use of natural resources (water, land, etc.)	◎	—	◎
Society and Government				
Relations with governments	Bribery and corruption	◎	—	—
	Governments with poor human rights records	○	—	○
Relationship with consumers	Health and safety			

◎: Most important ○: Important

▼ Potential Human Rights Issues in the Fujifilm Group

- (1) Long working hours and forced labor risks at suppliers
- (2) Human rights abuse risks toward workers at contractors
- (3) Physical and financial damage risks for local community caused by inappropriate procurement of raw materials for consumables (including environmental destruction)
- (4) Physical damage risks for local community caused by environmental destruction around factories
- (5) Physical damage risks for employees caused by inappropriate management on chemical substance
- (6) Human rights abuse (physical damage) risks caused by unexpected use of our products and services
- (7) Physical damage risks for local community caused by destructive actions on environment such as illegal dumping

	Procurement	R&D	Manufacturing	Transportation	Customer use	Disposal/Recycling
Imaging Solutions (Digital cameras, etc.)	(1), (2)	(4), (5)	(4), (5)	(2)		(5), (7)
Healthcare & Material Solutions (Medical equipment, etc.)	(1), (2)	(4), (5)	(4), (5)	(2)	(6)	(5), (7)
Document Solutions (Office products and printers, etc.)	(1), (3)	(4), (5)	(4), (5)	(2)		(5), (7)

the Fujifilm Group's Charter for Corporate Behavior and the Fujifilm Group's Code of Conduct, to explicitly declare our respect for human rights. As a result, we established a Human Rights Statement with the approval of the CSR Committee headed by the President in June 2018. In establishing our Human Rights Statement, we have received various comments and suggestions from Group companies in Japan and other countries and other stakeholders (see Page 10). The process served as a great opportunity not only for the CSR division but also for the personnel and other relevant divisions to renew their awareness on human rights issues.

In the Human Rights Statement, we state that respect for human rights is the basis of all our business activities and declare our basic policy in introducing activities to prevent human rights violations. We will conduct internal and external communication to disseminate the Human Rights Statement, and will raise the awareness of the importance of human rights issues within the Group. At the same time, we will cooperate with our partners and suppliers to conduct a more comprehensive assessment of the impact of potential human rights risks in each business field and to strengthen prevention and mitigation measures. Furthermore, we will continue to conduct studies with other companies and activities proactively adopting suggestions from external parties, to incorporate the trends in society's demands within the Group and to foster greater awareness.

Employees of the Group who have any concerns on the non-compliance or human rights violations stated in the Code of Conduct are able to seek remediation or correction through the Compliance Helpline and other whistle-blowing systems. For external stakeholders, we have set up an inquiries contact on CSR matters to receive opinions and suggestions regarding our entire Group activities, including human rights issues.

*1 Human Rights Issues by Sector (Sixth Edition): Created by the Consortium based on the Human Rights Guidance Tool of the United Nations Environment Programme Finance Initiative (UNEP-FI).

*2 See figures; "Human Rights Due Diligence Process" and "Potential Human Rights Infringement in the Fujifilm Group."

● Biodiversity Conservation

Since its foundation, the Fujifilm Group has engaged and addressed in a wide range of environmental protection activities for the biodiversity conservation. This is upon philosophy of "environmental consciousness and environmental protection are at the core of our corporate activities," as we have needed lots of water and clean air to produce photographic films. In 2009, we formulated the "Fujifilm Group Basic Concepts and Action Guidelines for Biodiversity Conservation (Guidelines for Biodiversity)." In 2012, we reviewed our biodiversity approach under the four key elements of factories, products, social contribution, and communication, in order to implement biodiversity conservation activities linked with our businesses. Fujifilm and Fuji Xerox work on a number of biodiversity conservation activities related to their businesses respectively (see Page 66).

Our principal activities related to biodiversity in procurement focused on products are risk assessment for biological resource procurement in product development, detailed response to the Nagoya Protocol, and risk

management for purchasing paper, one of our important products. In assessing the risks in biological resource procurement, we integrated assessment of the risks involved in assuring a long-term sustainable supply of biological resources into the design for the environmental framework in 2010 to focus on product development with the emphasis on biodiversity from the product design stage. We recognize that the Nagoya Protocol on Access and Benefit Sharing for Genetic Resources (ABS) is related to risks in biological resource procurement and we have been participating in the METI Taskforce Committee since FY2014, working on gathering the latest information, including trends in overseas legislation. In FY2017, we gained early access to domestic measures in Japan and communicated these to the entire Group to ensure a precise response to legislative action.

Procurement standards for paper, a product that is important for our document business, have been established to preserve forests with high protection value and forest ecosystems, in addition to protecting the rights of local residents and maintaining corporate ethics. In our Document business, since 2012 Fuji Xerox has been using these standards to monitor the activities through local audits and our deliberation council headed by top management, to ensure a continuous and stable supply of paper with care given to the sustainability of forest resources and harmony with local communities. We received the Excellence Prize in the 18th Green Purchasing Award organized by the Green Purchasing Network in FY2017 in recognition of our efforts to implement green purchasing involving suppliers and related business in Japan and other countries. We also participate in the Vancouver Declaration for the UN SDGs and FSC Certification that pledges support for the initiative for the sustainable management of natural forest resources. In the future, we will ensure that our actions are in compliance with the Natural Capital Protocol.

Main Activities for Biodiversity Conservation

- **Activities to conserve the water source at each factory**
- **Participation in JBIB**
Fuji Xerox participates in the Japan Business Initiative for Biodiversity (JBIB)
- **Overseas tree planting activities**
 - Tree planting activities in the Horqin Desert of the Inner Mongolia Autonomous Region of China
 - Support in the restoration of Can Gio mangrove forests in Vietnam, that are approaching extinction as a result of the use of defoliants
- **Suiden-Otasuke-Tai**
Regional collaboration activities to preserve groundwater in Minami-Aso Village. FUJIFILM Kyusyu has been participating in these activities since FY2010.
- **Tokyo Greenship Action**
Greenery conservation activities organized by the Tokyo Metropolitan Government in coordination with businesses, NPOs, etc. Fuji Xerox Tama has been participating in the program since 2004.
- **Cooperation with NPOs, etc.**
 - Approved Specified Nonprofit Corporation Network for Coexistence with Nature, etc.: "Kikigaki-Koshien"
 - Charitable Trust Fujifilm Green Fund, etc.: "Watashi-no-Shizenkansatsuro Competition"
 - Green Cross Japan: Kankyo Nikki, "Midori-no-Komichi," etc.
- **Support to the Monitoring Site 1000**
We have been supporting to develop sensor cameras used in surveying mammals.



Governance

Disseminate an open, fair and clear corporate culture.

Social Issues

To continue to be as a valued member of society and to grow, the company must meet the expectations of its various stakeholders and to win the trust of society. To fulfill its social responsibilities and promote sustainable growth and long-term improvement in corporate value, the company must conduct its business activities in accordance with the social code of conduct, with an emphasis on transparency and fairness. It is important to improve corporate governance, which is essential for swift and bold decision-making, and implement measures that lead to corporate growth and improvement in corporate value alongside changes in the business environment.

Fujifilm Group's Goals under SVP 2030

Improve and maintain governance structures.

Under its Corporate Philosophy and Vision upholding an open, fair and clear corporate culture, the Fujifilm Group is determined to promote sustainable growth and improve its corporate value through sincere and fair business activities and to contribute to the sustainable development of society. To achieve this, corporate governance, which underlies all such efforts, has been confirmed once again as a major issue. We will develop, maintain and continue to strengthen corporate governance through reinforcement of internal controls and audit systems.

Target for 2030	<p>Aim for zero cases of misconduct and major legal violations by disseminating an open, fair and clear corporate culture.</p>
Outline of Activities in FY2017	<p>[Target] Develop a governance organization for the entire Fujifilm Group and reinforcement of the business management process.</p> <ul style="list-style-type: none"> ● Reviewed the structure of the Board of Directors; established a governance strengthening committee to implement projects for each specific issue. ● Consolidated the FX business management divisions including accounting and auditing with FH and strengthened the business management process. <p>[Target] Improve compliance awareness across the entire global Group and reinforce risk management.</p> <ul style="list-style-type: none"> ● Introduced education and training programs aimed at improving compliance awareness among employees across the entire Group, especially in overseas subsidiaries. ● Opened the FUJIFILM Holdings Hotline for all employees to report directly to FH. <p>[Target] Maintain a fair and independent audit and improve the audit quality level.</p> <ul style="list-style-type: none"> ● Established a system for implementing global audits and reinforced and increased the efficiency of audit capabilities with IT applications. ● Appointed a new female outside director to ensure diversity on the Board of Directors and to enhance corporate governance; established the voluntary Designated Reward Committee chaired by an independent outside director. <p>Related Data and Information: Compliance and Risk Management Page 62</p>
Future Activities and Targets	<ul style="list-style-type: none"> ● Strengthen consolidated management of compliance activities by operating companies FF & FX under an FH initiative and by execution of measures aimed at further improving compliance awareness among all employees. ● Enhance deliberations by the Board of Directors and improve transparency of management decision-making by using an independent outside director. <p style="text-align: right;">FH: FUJIFILM Holdings FF: Fujifilm FX: Fuji Xerox</p>



● The State of Corporate Governance

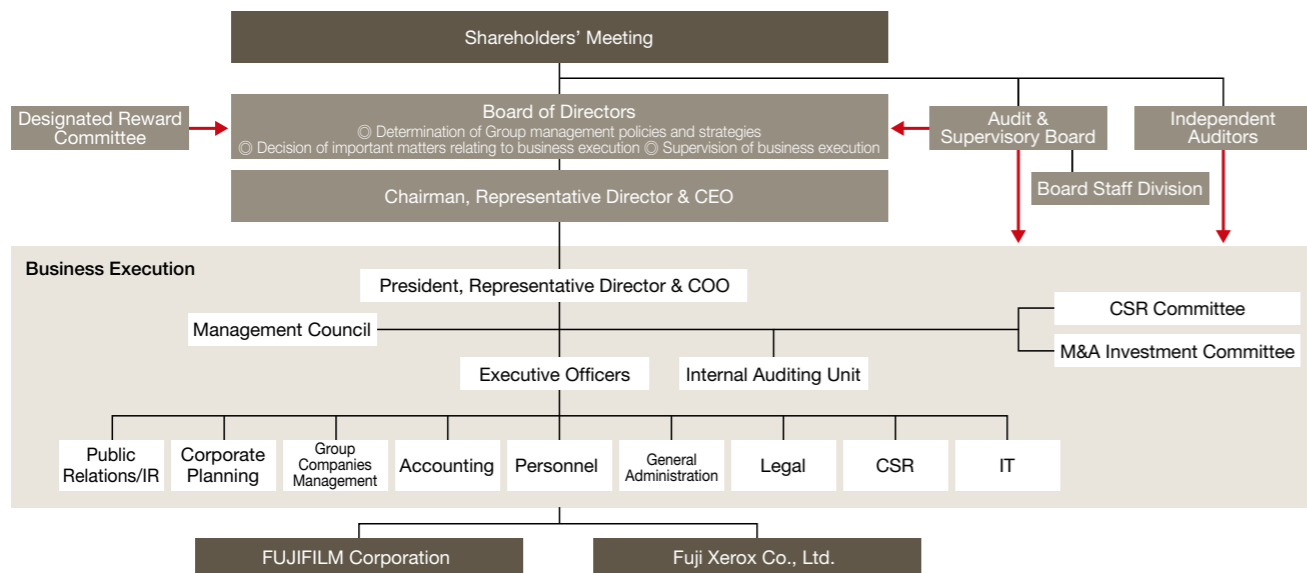
FUJIFILM Holdings is aiming to foster sustainable growth, achieve higher corporate value and contribute to the sustainable development of society through sincere and fair business activities. We regard corporate governance as the foundation for achieving these goals and a key issue in business management.

In response to the inappropriate accounting at overseas subsidiaries of Fuji Xerox uncovered in 2017, we implemented governance strengthening measures that include integrating part of Fuji Xerox's headquarters and management functions into FUJIFILM Holdings, further expanding personnel exchanges within the Group including management personnel, and rebuilding and strengthening internal control at Fuji Xerox and its subsidiaries, including the system for reporting to FUJIFILM Holdings. We will continue our efforts toward greater transparency in our business processes and enhancement of Group governance to prevent any recurrence.

● Corporate Governance Structure

FUJIFILM Holdings has positioned the Board of Directors as the organization for determining basic Group management policies and strategies and other important matters relating to business execution, as well as supervising the implementation of business affairs. The Company's Articles of Incorporation stipulate that the board can consist of up to 12 directors. Currently, the board has ten directors, including four outside directors. In June 2018, the Company appointed the first female outside director to ensure diversity on the Board of Directors. To better clarify their missions and responsibilities, the directors have a one-year term of office. The attendance of outside directors to the Board of Directors meetings held in FY2017 was 97% (11 meetings in total). Additionally, FUJIFILM Holdings has adopted an executive officer system to facilitate speedier business execution. The Company currently has 11 executive officers, including five concurrently serving as Board members. The executive officers have a one-year term of office, the same as the Company's Directors.

▼ Corporate Governance Structure



The Company discloses the number of individuals to whom remuneration is paid and the total amount of remuneration for Directors as well as Audit & Supervisory Board members. Meanwhile, we have adopted a remuneration system under the stock option program to make its directors and executive officers, excluding outside directors, share a mutual interest—the effect of stock price fluctuations—with its shareholders. In this way, the directors and executive officers are in actual fact encouraged to have stronger drive and morale toward achieving higher corporate value.

The Company has established the Designated Reward Committee as an arbitrary advisory body to the Board of Directors. It aims to secure transparency on procedures for deciding CEO succession plan and remuneration for directors.

For further details of the Corporate Governance Guidelines and the Corporate Governance, please refer to <http://www.fujifilmholdings.com/en/about/governance/index.html>

● Audit

FUJIFILM Holdings has adopted a system of Audit & Supervisory Board, which currently consists of four members, including two outside members. Each Audit & Supervisory Board member attends the Board of Directors, while full-time members attend all Management Council meetings in order to assess our overall business operations.

The attendance of outside auditors to the Board of Directors meetings held in FY2017 was 96% (14 meetings in total). Also, the attendance of outside auditors to the Audit & Supervisory Board meetings held in FY2017 was 100% (14 meetings in total).

The Company established the Global Audit Division, consisting of 56 members (as of June 1, 2018), which will support internal audits and evaluation of internal control in our global operations. The division will assess and verify the current state of internal control and business operations throughout the Group. These improvements are supervised by FUJIFILM Holdings for greater transparency and speed of action.

● Compliance

As a set of fundamental policies, we have formulated the Fujifilm Group Charter for Corporate Behavior and Code of Conduct. The Fujifilm Group Code of Conduct is established to guide each employee to act and behave in compliance with laws, regulations and social ethics and make it clear that we give first priority to compliance in our business activities through Fujifilm Group Compliance Statement.

In FY2017, in response to the inappropriate accounting practices uncovered at overseas subsidiaries of Fuji Xerox, consolidated management of compliance activities by FUJIFILM Holdings, Fujifilm and Fuji Xerox has been strengthened, with training programs aimed at greater awareness of compliance throughout the Group, especially in other countries, a communication from top management on the website, and compliance awareness surveys (see Page 50).

We have already introduced a separate whistle-blowing system in each company. In addition, to ensure that the system is effective, we have also established the FUJIFILM Holdings Hotline, through which any employee in the Group is able to report directly to FUJIFILM Holdings, in the drive for early detection of violations (see Page 50).



Rank-based training programs to boost awareness of compliance in other countries, covering all employees. Scene from meeting of representatives in the Asia-Pacific region.

● Risk Management

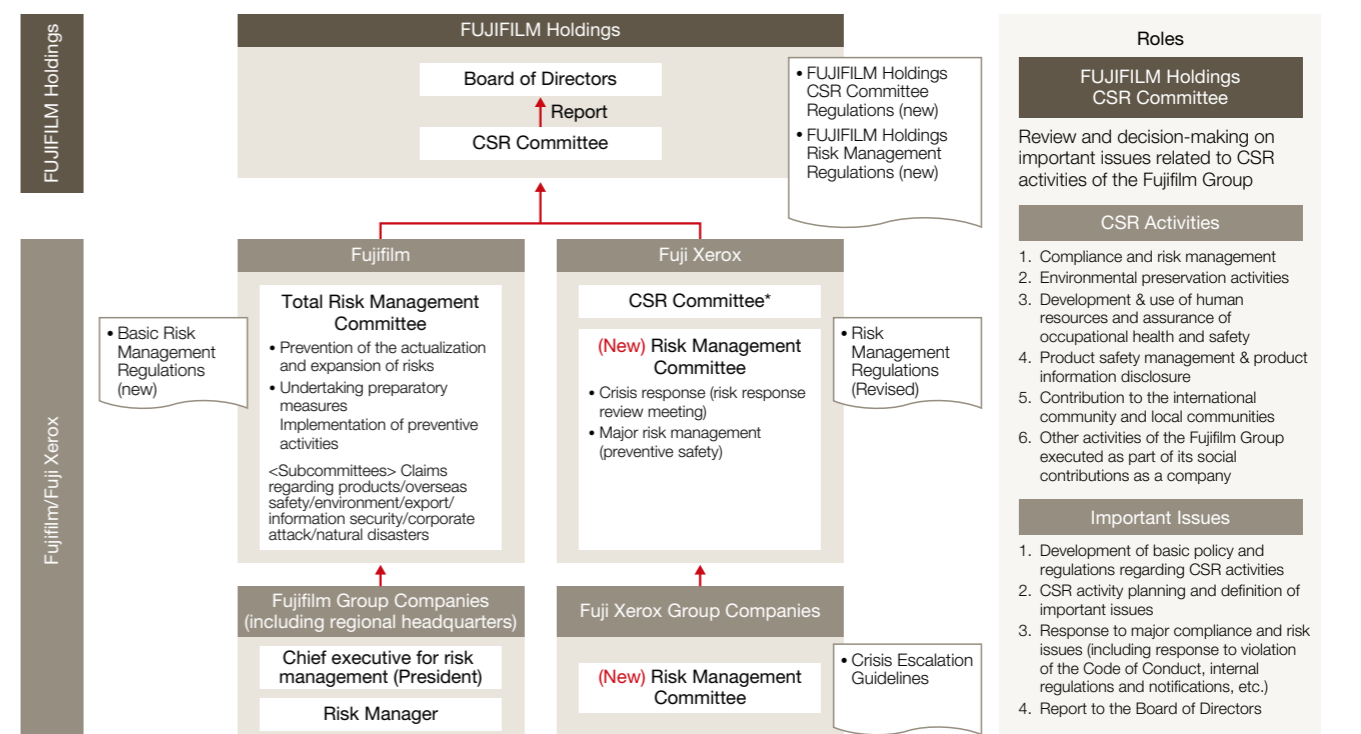
At the Fujifilm Group, actions on risk prevention and measures for risk issues that have emerged at each business company are managed and reported to the secretariat of the CSR Committee through the designated procedure. Major risk issues are reviewed and appropriate corrective measures are implemented by the CSR Committee. In addition to management at each company and division, major risk issues for the Group are examined each year, with attention given to social and environmental changes, probability of risks projected for each business field and the impact on business management. Responses to each risk are reconsidered, and action is taken on a global scale.

In FY2017, in response to inappropriate accounting practice at overseas subsidiaries of Fuji Xerox, we have prompted further enhancement of risk management for the entire Group. Especially in the Fuji Xerox and its Group companies, risk management committees were newly set up at each company, apart from Fuji Xerox headquarters, to promote comprehensive crisis management and recurrence prevention in emergency situations and to reinforce risk management and risk control activities under normal conditions. The minutes of the risk management committee meetings held at the Group companies are reported as occasion arises to the Compliance & Risk Management Division of the CSR Committee* Secretariat at Fuji Xerox.

In regard to business continuity plan (BCP), worldwide environmental changes are increasing the risk of natural disasters. In Japan, further improvements in the Group's response to wide-area disasters, in the face of the risk of the Nankai Trough earthquakes expected to occur in the ocean to the east, southeast and south of Japan, a major earthquake anticipated to occur in the Tokyo area and the possible eruption of Mount Fuji, have been marked out as issues to be tackled, and efforts are underway to add to the BCP and upgrade measures to deal with these projected disasters.

* Changed its name to Compliance & Risk Management Committee in July 2018.

▼ Fujifilm Group Risk Management System



● Information Security

Fujifilm Group recognizes information security as a priority risk issue and is conducting continual reviews and reinforcement of its systems and measures to address the growth in cyber security threats in recent years. Regarding information leakage from within the Group and measures to deal with external attacks, Global Information Security Regulations have been established to foster a group-wide approach to the issue and to promote improvements in information security maintenance throughout the Group. For employees, training programs are organized to promote greater awareness on how to respond to suspicious emails and information security. To prepare for information security breaches, both Fujifilm and Fuji Xerox have set up their own information security incident response teams to minimize the potential damage from such incidents. For personal information protection, the Personal Information Protection Policy and the Personal Information Protection Regulations have been established for appropriate management of information within the Group, including regular audits and employee

training. In FY2017, we prepared for the introduction in May 2018 of the EU General Data Protection Regulations (GDPR), and implemented measures in collaboration with the Group's regional headquarters in Europe.

● Anti-Corruption Matters

The Fujifilm Group Charter for Corporate Behavior and Corporate Code of Conduct state explicitly that cautious and detailed attention are to be paid to relationships with public officials, government representatives and business partners and prohibit both involvement in corrupt activities and offering or receiving gifts or entertainment that raises suspicion of unfairness. Especially in the face of the growing reinforcement of anti-corruption laws and regulations globally in recent years, we have introduced regulations in each company to prevent corruption and are organizing regular audits, including on-site audits, chiefly in the areas that are relatively vulnerable to such risks. The Fujifilm Group has never been investigated by administrative authorities concerning any anti-corruption matters.

Other CSR Activities

 Products and Services Which Reflect Our Customers' Views

Basic Approach

As we declare in our corporate philosophy, the Fujifilm Group aims to provide the best quality products and services which are safe, appealing to customers and provide them with peace of mind, by basing our management on "Customer Satisfaction (CS)." In order to achieve customer satisfaction, it is important to obtain the views of a wide range of customers and to have a mechanism in place for effectively reflecting these in our products and services. For this purpose, we pay special attention to communicating with our customers at customer centers which are our point of contact with them. We aim to correctly grasp their views, as well as seek to respond in a speedy, kind, accurate and fair manner, and we are constructing a system to link these views to improvements in product development and our work processes.

Outline of Activities in FY2017

Related Data and Information: Page 57

Committing to provide customer solutions through our imaging, healthcare & materials, and document businesses, the Fujifilm Group engages in close communications with our wide-ranging customers, which include general consumers, corporations, and hospitals, to respond to their voices in a way that takes into account the characteristics of businesses and products.

Among our general consumer products are imaging products and healthcare products. Imaging products are experiencing rapid changes in their diversifying usage and maintenance methods as smartphones and mirrorless digital cameras spread. We received some 23,000 comments through our FY2017 customer satisfaction questionnaire survey, which targeted new customers registering with us after purchasing our products, as well as comments through the support desk as queries regarding various products. We carefully analyze such comments to gain a better understanding of our customers' needs. Another of our general consumer products is our healthcare product range, which includes supplements and cosmetics. The Customer Satisfaction Improvement Committee is working on product and service improvements based on our customers' voices. One such improvement was the development of a packet-type supplement in addition to a bottle, responding to requests stating that they would like to receive the supplement delivery through their letterboxes so that they can receive it any time of the day, rather than a courier service. After commencing such delivery of supplements into customers' letterboxes, we also received comments that the packet-type supplements were more convenient for customers to carry with them, such as on trips.

We continue improving communications for our general consumer products to respond quickly to customers' requests by fully utilizing the Internet, such as increasing the number of FAQ pages where customers can resolve problems by themselves.

For corporate customers, employees from the R&D, production, and technical departments of the respective business divisions visit customers together with maintenance staff members to better understand our customers' business challenges through direct communication. This should enhance the "customer viewpoint" in our employees across customer business processes.

We also continue our regular requests for customer evaluations as a part of our Customer Satisfaction (CS) program. In the document business, we conducted 62,000 surveys through our User CS program in FY2017, and the follow-ups and improvements based on the survey results are now being made toward further strengthening our relationships with customers.

Our document business Fuji Xerox has ranked No.1 in the Large/Midsize Business Segment under the 2018 Color Copier Customer Satisfaction Study by J.D. Power for nine years in a row, that was for the first time in the industry.* Uniting the whole company's efforts, we continue responding to our customers' expectations and requests through further CS improvement and compliance to maintain a long-term mutual trust.

*J.D. Power 2010-2018 Japan Color Copier Customer Satisfaction Studies. Study based on a total of 6,868 companies with 30 and more employees. <http://jdpower-japan.com/ranking/> (in Japanese only)

TOPICS

Strengthening Governance

Thorough efforts to promote greater awareness among all employees of the importance of engaging in "open, fair and clear" business activities

In response to the inappropriate accounting practices uncovered at overseas subsidiaries of Fuji Xerox in 2017, the Fujifilm Group introduced recurrence prevention activities to strengthen governance as the main activities by the Governance Strengthening Committee (dissolved on June 30, 2018). The principal activities are the following.

● Compliance training and communication from top management

To increase awareness of compliance throughout the Group, communications stressing the importance of compliance have been sent from the president of FUJIFILM Holdings to all employees. At the same time, training was conducted to provide summary information on the matter, developments in addressing the matter, the cause and the problems involved, and to disseminate an understanding of the action policy founded from the lessons of this matter. Training and education programs were organized for leaders in late September 2017, and for other employees up to November of the same year. Also, a communication from top management emphasizing compliance and "thorough efforts at promoting open, fair and clear business activities" was made publicly available on the Company website, as well as internally via in-house magazines, the intranet, etc.

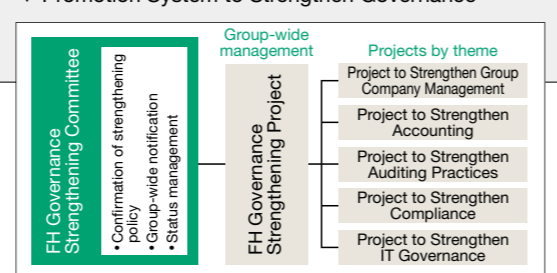
● Compliance awareness survey

To assess the level of dissemination of compliance awareness through compliance training and for early detection of signs of misconducts or fraud, an awareness survey was conducted on all 93,000 employees of the Group in December 2017, with responses received from virtually all employees. The result was very positive; more than 90% understood the matter of inappropriate accounting and compliance priority at the workplace, and 84% had the pride in working at the Fujifilm Group. The findings will be disclosed within the Group to further improve compliance awareness.

● FUJIFILM Holdings Hotline

In addition to the whistle-blowing system set up in each Group company, a new FUJIFILM Holdings Hotline was set up to enable

▼ Promotion System to Strengthen Governance

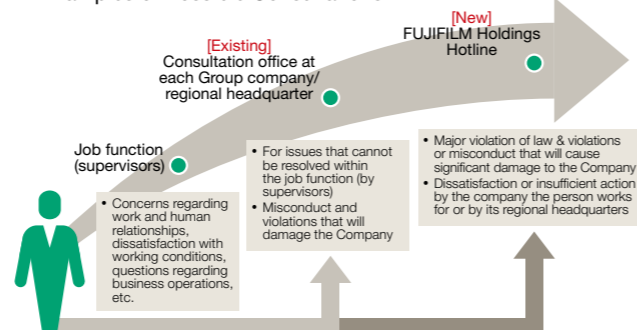


any employee in the Group to report incidents directly to FUJIFILM Holdings (FH). The reports are received by an external consultation office and sent to the FH CSR Group, and they are also reported to the CSR Committee chaired by the President. Appropriate measures are being implemented to provide counseling when reports are received, with consideration given to protecting the reporting party, so that misconduct can be detected at an early stage through the consultation office.

● Establishment of Regulations on Advance Reporting

On October 1, 2017, the Regulations on Advance Reporting of Matters To Be Discussed by the Board of Directors of Fujifilm and Fuji Xerox were introduced. To strengthen internal control, the relevant business division will be required to report the matters in advance to the director responsible at FUJIFILM Holdings for review by the Board of Directors of Fujifilm and Fuji Xerox.

▼ Description of FUJIFILM Holdings Hotline Examples of Possible Consultations



Improvements based on our customers' voices

Developed a packet-type supplement that can be delivered to letterboxes regardless of the time of day, unlike the conventional courier delivery (packet type on right)

One-off use jelly packet without need for a spatula

Opening and closing a delivery box (small size)

STEP 1 Hold the handle firmly and separate it from the box along the perforated seam

STEP 2 Pull out the section marked with ★ and open the lid of the box

STEP 3 Flatten the box

A delivery box redesigned for easier opening and folding. The opening method is displayed outside. Package printing has become more entertaining.