

**CSR Management/ Supply Chain  
Management at Fuji Xerox  
(Fuji Xerox of Shenzhen):  
Management Centered on Human Resources:  
The Importance of Capacity Building of  
Workers—Development of Communication Capabilities**

**Japan**

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The case was developed with the cooperation of Fuji Xerox Co., Ltd. and Fuji Xerox of Shenzhen solely for educational purposes as a contribution to the Project entitled “New Corporate Procurement Strategy on Trade in Goods and Services in APEC Region - Supply-chain options with CSR perspective –” conducted under the auspices of the Asia Pacific Economic Cooperation (APEC). The case is neither designed nor intended to illustrate the correct or incorrect management of the situation or issues contained in the case. No part of this case can be reproduced, stored or used without the written permission of the author(s) and the Asia Pacific Economic Cooperation.

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## Executive Summary

This case study focuses on the importance of building the capacity of factory workers in basic work-life skills in order to create a working environment that supports the diffusion of Corporate Social Responsibility (CSR) throughout the supply chain. In particular, this case focuses on developing workers' communication skills. The authors wish that this case can become an effective source of learning for corporations' top management (in its headquarters and in its overseas operations), human resources department and CSR department.

The issues addressed in this case are:

1. How to pursue CSR in overseas manufacturing operations; and
2. How to integrate CSR into corporate management and solve management issues.

Nomura, a manager of the Planning and Promoting Group, CSR Department at Fuji Xerox, was under pressure to come up with an effective plan for ethical sourcing.

Before requesting its suppliers to comply with Fuji Xerox's (FX) CSR requirements, Nomura had to check whether FX's own factories met the CSR requirements that ethical sourcing would also require from the company's suppliers. Nomura's experience told him that there would not be serious problems within FX's manufacturing sites in Japan. However, since more than 70% of the company's manufacturing was taking place in China, Nomura decided to survey the CSR management situation of FX factories in China.<sup>1</sup>

Despite his anxieties, Nomura did not find critical CSR problems at Fuji Xerox factories in China and specifically at the main facility in Shenzhen (hereafter referred to as "FXSZ"). The environmental management seemed to have been done at a high level.

In fact, when Nomura interviewed Inagaki, the general manager (equivalent to president) of FXSZ, Inagaki told Nomura about his eagerness to improve employee satisfaction as the next step. Inagaki initiated thorough environmental management as a differentiating factor of FXSZ, and after accomplishing it, he was envisioning to create a sense of unity among employees—both workers and management—so that the young people working at FXSZ could realize personal growth and feel satisfied working at FXSZ.

At that time, the employee morale survey scores at FXSZ were not as good as those at FX in Japan. After consulting a local NGO specializing in labor issues, Inagaki realized that the lack of communication among workers, line managers and the staff might be causing problems and thus creating discontent. The local NGO suggested introducing a worker communication education program to investigate their hypothesis. The NGO also suggested that worker education could in fact improve high turnover rate, which characterized factories in China. This situation was not unusual in China and reflected the underlying demographics, internal migration from rural to urban areas and the lack of prior industrial work experience among many workers. The NGO also mentioned that when workers quit after a short while, continuous skills improvement was not possible, and there was no payoff for the cost of training. These labor market characteristics hindered product quality, cost and delivery (QCD) improvements.

Although Inagaki was a little doubtful whether such education program would be effective, he gave his approval to conduct a human communication training on a trial basis for some of the FXSZ workers.

As it turned out, the communication and human relations training program was a great success. A trial program was carried out for 220 workers. The participant workers, as well as their line managers, praised the effect of the program.

<sup>1</sup> See Appendix 1 for basic information on Fuji Xerox.

Reflecting on such a result, Inagaki decided to provide the communication training to all 4200 workers within three months. The questionnaire that the CSR department of FXSZ administered to the program participants revealed the workers' personal concerns, which became a crucial factor for FXSZ to develop its worker educational and psychological care programs. Quick decision-making and action is a virtue of management in China.

Nomura was relieved to see that the first step was a success. He faced the next two challenges: first, to integrate the program into FX's suppliers' processes as part of ethical sourcing, and second, to prove that workers' capacity building measures, such as the communication training, is really cost-effective.

## Issues Fuji Xerox of Shenzhen Faced

Fuji Xerox of Shenzhen (FXSZ), Fuji Xerox's main factory, is located in Shenzhen, China. FXSZ faced increasing inquiries from its customer companies about FXSZ's CSR activities, particularly on environment and labor management. FXSZ was also worried about the possibility of production line stoppage at its supplier factories due to labor disputes. As a result, ethical sourcing was becoming a necessity at FXSZ.<sup>2</sup>

## Global Ethical Sourcing Trend

The global ethical sourcing trend has gradually spread across the manufacturing sector since 1996, when a Nike supplier factory was criticized for hiring underage workers and making them work in a hazardous environment. However in Japan, environmental management or so-called "green procurement," began to receive serious attention, as soon as the European Restrictions of Hazardous Substances (RoHS) Directive was announced in 2003. Many manufacturing industries have now implemented green procurement.

The labor management dimension of ethical sourcing has become an even more focused issue globally. Competitive downward pressures on manufacturing costs have spread throughout the supply chain, and these in turn have turned attention to the possibility of inadequate working conditions and practices in factories, particularly in developing economies, where many labor-intensive products are made.

In this sense, manufacturing businesses are increasingly faced with operational stoppage risks caused by labor management practices. For a sound supply chain management, the appropriate management of environment and labor has become critical.

## Labor Issues in China

### *Labor Issues in Shenzhen*

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<sup>2</sup> See Appendix 2 for basic information on FXSZ.

Shenzhen City which is located in the southern coastal part of China adjacent to Hong Kong, China, is one of the most rapidly developing industrial cities in China. Since Shenzhen became a special economic zone in 1979, foreign capital has flocked into the area. The Pearl Delta, that includes Shenzhen and its neighboring city Dongguan, has become one of the major manufacturing clusters in the world.

### *Migrant Worker Problem*

There are some characteristics of the Chinese industrial labor market that pose problems for employers and workers alike, and which are relevant to an understanding of the context of this case.

China has two kinds of family register. One is the family register for rural areas and the other is for urban areas. As industry rapidly developed over the past twenty years, inland Chinese farmers on the rural family register have poured into the coastal areas as migrant workers. Currently, the number of migrant workers is said to be between 120 million to 150 million. Many of them work in factories or construction sites and they underpin China's economic development, but they are at the bottom of the social pyramid. Many of them are very young--in their teens--and have little education; thus, they receive low salaries and have no job security. In addition, due to the rural family register, they lack access to social security when they work in urban areas. The plight of these workers is a major cause of the increasing poverty and deteriorating safety in the industrial areas of China.

Manufacturing companies in the region have relied on these migrant workers. Companies expect a continuous flow of low-cost workers, so they do not seriously consider the low retention rate. It is said that in general, the annual turnover rate is between 30% to 50%, which means that a little less than half of the workers quit within a year. However, as a result of China's policy of one child per family, China's labor force growth is slowing down and the supply of labor is becoming more scarce.

## **Fuji Xerox and Fuji Xerox of Shenzhen's Partner: Institute of Contemporary Observations (ICO) in Shenzhen**

The Institute of Contemporary Observation (ICO), an NGO that studies social conditions in China, characterizes the problems at the factories in the South China region as follows:

1. Line managers lack work experience and knowledge, which leads to labor management inefficiency.
2. Factories (and companies) do not take care of their workers' needs in terms of the psychological aspects, which contribute to labor disputes and poor retention rate.

Therefore, ICO focuses on worker education. Many migrant workers are forced to accept harsh working conditions because in many cases they do not have enough knowledge of labor rights. In addition, many young migrant workers from rural areas do not even have the common sense necessary to live on their own in the urban areas.

ICO also points out that young migrant workers do not consider themselves and the company they

work for as a community sharing a common aim to prosper. Instead, they only see the company as an organization that gives them a salary. Thus their connection to the company is short term and their commitment limited.

## **Japanese Management Style in the Age of Rapid Economic Expansion**

How did the Japanese industry develop so rapidly in the past? One of the major reasons is that Japanese companies focused on capacity building of workers. Japan was a poor developing country after World War II. To attain economic recovery, Japan pursued the processing trade (importing raw materials and exporting manufactured products), which required many factory workers. Therefore, many Japanese companies hired young workers from rural areas who had just finished junior high school or high school. Companies called these workers their “golden eggs,” and provided them various educational and training opportunities as well as family-like care and support in daily life. These included not only technological skill development, but also capacity building to adjust themselves to urban society, offering them psychological support as well as recreational opportunities such as company trips and outdoor amusement. These efforts on the part of the company created a harmonious community within factories, and the workers worked hard to respond to such care from the company. These workers with high morale matured as leaders and supported the steady growth and strength of companies and the Japanese economy. In this respect, corporations played a really important role in the socialization of workers in an industrial society. The earlier Japanese experience provided some important lessons for Fuji Xerox’s management in the new industrial regions in China.

## **Fuji Xerox’s Project on Ethical Sourcing Starts**

### *Start of Ethical Sourcing*

Fuji Xerox introduced the Green Procurement Guidelines in 1999. The company anticipated that its major American customers would require Fuji Xerox to implement ethical sourcing in the near future, and therefore decided to make a plan on ethical sourcing in September 2005.

In general, companies introduce ethical sourcing projects according to the following process: First, they formulate a supplier code of conduct, then hold briefings for suppliers, and finally, develop an audit structure. When companies find out during the auditing process that suppliers have not complied with their requirements, they decide whether to ask for improvement, or to terminate business with the supplier. Initially, Fuji Xerox thought of following a similar process.

However, things changed completely in April 2006 when the project team explained the plan to Tadahito Yamamoto, then executive vice-president in charge of development and production (and currently company president). Yamamoto was concerned that ethical sourcing could only work effectively if it were built on a solid management foundation. Therefore he decided that a corporate ethical sourcing program would only be phased in after readjusting the requirements for quality improvement, cost reduction, and delivery improvement that had already been imposed on suppliers. In other words, his strategy was to integrate ethical sourcing into a process of continual improvement base, in cooperation with suppliers. The implication was that CSR requirements

would be fully implemented in the procurement process rather than treated as an independent program. Yamamoto was worried that if ethical sourcing were added on top of such requirements, the pressure on suppliers would exceed their capacity to respond, and the suppliers would implement ethical sourcing just as a formality.

The project team requested the cooperation of the nine managing member companies of the Global Co-Prosperity Society which was made up of Fuji Xerox's key business partners. Following repeated study group meetings since June 2006, member companies became increasingly concerned with production and shipment stoppages as a result of labor disputes at overseas sites. Approximately 80 percent of Fuji Xerox's production is currently associated with manufacturing sites in China. In addition, many managing member companies of the Global Co-Prosperity Society conducted production activities in China. Although many Japanese factories in the Shenzhen area shared the same issue, no solution was apparent.

In response to the situation, the study group held a 5-day meeting in Shenzhen City, China in November 2006. In addition to the original members from Japan, approximately 50 people from the nine companies, including their Shenzhen factories' managing directors and procurement officers as well as Fuji Xerox's Shenzhen and Dongguan factories, participated.

ICO explained in detail to the study group China's social conditions, current problems, and future challenges regarding China's labor issues. The group members also interviewed the presidents and chief operating officers (COOs) of several local companies. They learned advanced practices and participated in simulated auditing of factories, canteens and dormitories. The group members likewise learned examples of capacity building activities that actually led to productivity improvements in several companies such as a supplier of an American sportswear company who built a school within the dormitories. The participants also engaged in a full-day group discussion.

In this way, Fuji Xerox shared its ethical sourcing preparation process with the nine managing member companies of the Global Co-Prosperity Society. Fuji Xerox considered it critical for the top management of suppliers to understand the necessity of ethical sourcing, so that they could engage in the continuous improvement of their own companies' CSR management.

### *Similarity between Present-day China and Japan's Experience of Rapid Economic Development*

All participants shared the impression that the current labor situation in China is similar to that of Japan from the late 1950s to the early 1970s. During that period, many young people in Japan who came from rural districts to work in factories, experienced psychological instability and felt that they were left out of society. The experience of Japanese management from that era would therefore be relevant in addressing issues related to Chinese social conditions and their impact on the workplace and on human resources development.

In addition to job training, it was essential for management to make a sustained effort to guide employees in their daily life and support their self-reliance. The study group members felt strongly that treating employees according to societal conditions in China was essential for maintaining product quality. They realized that what had been Japanese companies' practice of caring for workers needed to be remembered and implemented in their factories in China as well. Even if companies implemented an excellent system of labor management relations, it would not have functioned as expected if the workers themselves did not know how to use the system effectively, or if they harbored discontent towards the company based on external factors related to broader socio-economic conditions. Capacity building would lead to quality improvements by minimizing

risks caused by environment pollution, product safety liability, fraud cover-ups and labor disputes. In short, human resources development would be critical in creating an effective management system, which in turn would be a necessary foundation for introducing ethical sourcing.

### *Experiment at FXSZ*

Before asking its suppliers to implement CSR management, Fuji Xerox considered that its own operations should integrate CSR management in China and that this should be presented to the company's suppliers as a model case. Fuji Xerox decided to make Fuji Xerox's main manufacturing site, Fuji Xerox of Shenzhen, the model factory. Fuji Xerox has other manufacturing sites in Japan, and their CSR management seemed better than that of FXSZ, as evidenced by the environmental management and employee morale survey. However, since major manufacturing risks resided in China operations, and many of Fuji Xerox's suppliers operated in the southern part of China, Fuji Xerox decided to make FXSZ the model case.

Furthermore, although FXSZ was Fuji Xerox's subsidiary, FXSZ operated as an independent company, and most of its employees were Chinese. So Fuji Xerox believed that introducing ethical sourcing in FXSZ would be a perfect first step.

When the project leader Nomura suggested making FXSZ the model case to Inagaki, the general manager of FXSZ, Inagaki agreed. After 10 years of operations, FXSZ was already capable of producing a full line-up, including color machines, medium and high-speed machines. Since his inauguration as the general manager, Inagaki had eagerly set out to implement environmental related activities. As a result, FXSZ was awarded the Chinese government's certification as the Environment Friendly Corporation in 2005. "Recently I have come to believe that it all comes down to people," Inagaki said. "Employees must be able to feel a sense of satisfaction from working with the company. Therefore, we are making even greater efforts in areas concerning personnel, such as occupational health and safety."

It was a fact that Japanese companies' factories operating in the region suffered high labor turnover rate. Inagaki had heard that some factories were facing the risk of strikes due to labor disputes. If strikes occurred in FXSZ's supply chain, and key parts from suppliers stopped flowing into FXSZ, then there was a serious risk that FXSZ's manufacturing line would grind to a halt. If the manufacturing line stopped for even one day, the cost reduction efforts that FXSZ was going through would be in vain. Therefore, enforcing labor management and promoting CSR management at FXSZ was becoming a necessity just as asking its suppliers to do the same was also becoming a necessity for FXSZ.

### *Training Program on Communication and Human Relations*

Based on the information and the experience of ICO regarding labor issues in the region, Nomura thought that communication training for the workers would be effective. Communication problems between the Japanese management team and the Chinese workers had been pointed out before, but it seemed that communication among the Chinese workers in the actual manufacturing line was even more of a problem and affected workers' retention rate.

Many of FXSZ's line workers were only 18 to 20 years of age. Line managers, the first line supervisors, were only slightly older. Workers were assigned to become line managers only after experiencing one or two years with the manufacturing line, and still lacked management experience or training. Often they did not know how to control the workers and lacked the skills to convey work orders clearly, or give feedback or discipline their subordinates when the latter did not follow



their orders. Some managers treated their subordinates too harshly in front of other group members, which deeply insulted the concerned workers. Nomura assumed that if communication between the Chinese workers and leaders were smoother, workers dissatisfaction would diminish.

The workers who lived in dormitories far removed from their families experienced emotional stress due to homesickness, roommate trouble, romantic attachments and so on, and these stresses were exacerbated by lack of effective communication skills for resolving differences.

After consulting ICO, Inagaki thought that the lack of communication among workers, line managers and the staff might have been causing problems and creating discontent. ICO suggested introducing worker communication education program to investigate the hypothesis. Although Inagaki was a little doubtful whether such education program would have immediate effect, he approved the implementation of a human communication education program on a trial basis for 220 of the 4200 FXSZ workers.<sup>3</sup>

The program was a basic course on human communication that lasted for only two hours. The seminar started with the definition of effective communication, followed by ways to establish human relationship, and the appropriate distance for communication. Many workers were astonished to hear the lecturer say: “You can put into words only 80% of what you think you want to say, and those who hear you can truly understand only 20% of what you say. So you have to listen very carefully—you have to think what the person is thinking when you listen to one another.”

### *The Result of the Trial Training Program*

The training program was a great success. Both the workers and their managers praised the seminar. Nomura interviewed a 19 year-old worker, who said “I learned that I can’t convey my thoughts to other people without making the effort to talk to them. I felt how self-centered I had been, getting upset that people don’t understand me when I had not even made the effort to talk. I have more friends now that I can communicate more smoothly. Since the program, I also try hard to listen to what people have to say. Now I can truly say that I have made the transformation from a student to a working adult.”

The program received high marks from the participants. The results of the questionnaire revealed that 99% of them were satisfied with the program. Participants’ written comments included: “I felt inferior not voicing my opinion,” “I learned how I should talk to people,” “I want to learn more about communication,” and “I appreciate that the company offers such training.” Inagaki himself felt the effect through reports from the line managers. He was surprised that a mere two-hour program had such an impact. Inagaki immediately decided that all 4,200 workers should take the same communication training.

All workers at FXSZ took the two-hour communication program within three months after its trial run. Since this was a compulsory education or training by the company, FXSZ provided overtime pay for those who attended. This program has become mandatory education for all new entrants to FXSZ. FXSZ offers a free advanced course on communication and human relations to those who want to participate voluntarily. For this course, overtime is not paid, because it is optional.

### *Other Labor Management Efforts*

The results of the questionnaire on the communication training program revealed that many

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<sup>3</sup> See Appendix 3 on FXSZ Communication and Human Relations Trial Training Program.

workers experienced emotional stress. To minimize such stress, FXSZ introduced several measures. First, FXSZ implemented a hotline by contracting an NGO which provided the services of a psychological specialist to receive telephone calls and give advice to troubled FXSZ employees. Second, FXSZ placed six “CSR Opinion Boxes” near the entrance of dormitories, canteen, and factory lines. FXSZ received an average of 20 written opinions per month in the CSR Opinion Box. Many of them were complaints regarding their colleagues or requests to improve cafeteria meals. Some comments merited immediate attention from the human resource department since they were concerned with serious issues. Some made constructive suggestions regarding manufacturing line management.

The Opinion Box accepts written complaints without indicating their source. The CSR department staff continue to take each complaint seriously, and respond individually whenever the opinion poses serious personnel matters. There were several cases where capable workers who initially posted in the Opinion Box that they would quit decided to continue working at FXSZ, after consultation with the CSR staff.

These efforts by FXSZ are bearing fruit. According to an employee survey asking “What do you like about FXSZ?” the respondents who answered “the education and training program” jumped from 10% in 2006 to 32% in 2007.<sup>4</sup>

### *Implementation among Suppliers*

This CSR management know-how on worker management in China has been recorded and incorporated into ethical sourcing implementation. Fuji Xerox has developed a “Management Guideline on CSR” that includes Fuji Xerox’s requirements of suppliers’ CSR management processes, with background information as to why such management is necessary, and problem cases and possible solutions to those problems. Fuji Xerox also compiled a “Self-assessment Checklist” that comprises some 380 questions. Fuji Xerox’s request to introduce capacity building is incorporated in the “Management Guideline on CSR” and “Self-assessment Checklist,” although this is not mandatory. Fuji Xerox notes that the company places importance on human capital, and that it regards capacity building as a key factor in building trust between company management and the workers, that would result in QCD improvements.<sup>5</sup>

Fuji Xerox also invited several key suppliers to FXSZ to show them actual worker problems and solutions that FXSZ found feasible.

There are reasons for Fuji Xerox to involve the suppliers in the ethical sourcing preparation process, and to share Fuji Xerox’s experiences in solving problems. Simply requesting suppliers to comply with Fuji Xerox requests would result in suppliers hiding the real problems. This result is not what Fuji Xerox aims to achieve through ethical sourcing, rather its aim is to implement an effective system so that suppliers would voluntarily adopt CSR management, and minimize supply chain risks that affect product QCD, as well as contribute to a sustainable society.

Unless the suppliers are motivated to do so, the chain of CSR management would remain artificial, and no true improvement on environment, labor, corporate ethics and governance can be expected. In order to make the suppliers implement CSR management seriously within their organizations, Fuji Xerox needs to find solutions, or at least find some clues to solve problems, then to communicate these clues to suppliers. This is what Fuji Xerox calls engagement.

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<sup>4</sup> See appendix 4, for the result of the questionnaire.

<sup>5</sup> See appendix 5, for the content of Management Guideline and Self Checklist.

## Conclusion

Engaging with the suppliers to promote CSR management is a key factor in making ethical sourcing effective. Fuji Xerox's experience indicates that engagement between workers and companies is also the key to promote sound company growth. Communication between Fuji Xerox and its suppliers as well as between companies and its employees underpins better understanding of each other's requirements and positions and helps the company to further advance its growth. The communication training trial that FXSZ introduced had been successful. Likewise, the communication to the managing companies of the Global Co-Prosperity Society has become the company's cornerstone for successful ethical sourcing.

Fuji Xerox introduced its ethical sourcing program in August 2007 to some 300 suppliers.<sup>6</sup> Fuji Xerox's challenge is how thoroughly it can communicate ethical sourcing to its several hundred suppliers, and to convince them to implement CSR management. Nomura's challenge continues.

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<sup>6</sup> See Appendix 6 for ethical sourcing roadmap.

## Appendix 1 Fuji Xerox's Basic Information

- Established: February 1962
- Capital: 20 billion yen
- Shareholders: Fuji Film Holdings (75%, Japan), Xerox Limited (25%, USA)
- Employees: Fuji Xerox: 13,600 (Unconsolidated), 40,200 (Consolidate): (March 2007)
- Fuji Xerox defines "documents" not only as information inscribed on paper but also as knowledge in a multimedia format including electronic data, images, audio and so forth. In supporting customers' businesses, the company believes that the vital point is how they can share "documents," which are very important managerial resources, and utilize them in a creative and effective way. Based on this awareness, by providing document services to customers and through process innovation, Fuji Xerox aims to deploy activities to increase office efficiency and contribute to its customers by helping them solve their management issues.
- Fuji Xerox's sales and services area covers China, Japan, and other Asia-Pacific countries and regions. Other areas are covered by Xerox Corporation and Xerox Limited. Fuji Xerox manufactures more than 70% of its products in China.
- Key products are: office multifunction devices, workstations, personal computers, facsimiles, CAD systems, plotters, printers, paper, electronic parts, educational services and others.

## Appendix 2 FXSZ's Basic Information

- Name: Fuji Xerox of Shenzhen Limited
- Established: June 1995
- Type of enterprise: Exclusively foreign-owned enterprise
- Capital: US\$38 million (Fuji Xerox 90%, Fuji Xerox China 10%)
- Employees: approximately 5000 employees, including 500 administrative personnel and 30 Japanese expatriates. (as of March, 2007)
- Total investment: US\$ 59 million
- Scope of operations: To develop, design and manufacture laser printer, ink-jet printer, optics and electron copying machine, digital copying machine, digital multifunction machine (integrated with functions of printing, faxing, scanning and copying), cartridges and relevant components. To sell product manufactured by FXSZ and to provide services after sales.
- For further information on FXSZ and its CSR activities, please refer to the following homepage:  
Website: [http://www.fxsz.com.cn/gb-environment-KechixufazhanReport-2007\\_EN.pdf](http://www.fxsz.com.cn/gb-environment-KechixufazhanReport-2007_EN.pdf)

### Appendix 3

#### FXSZ Communication and Human Relations Trial Training Program

- Education participants: 220 line workers, ages between 17 and 18, average work experience at FXSZ less than three months. 60% of the participants were women.
- Lecturer: Institute of Contemporary Observation (ICO)
- Theme: Communication and human relations

#### Photos of the Training Program

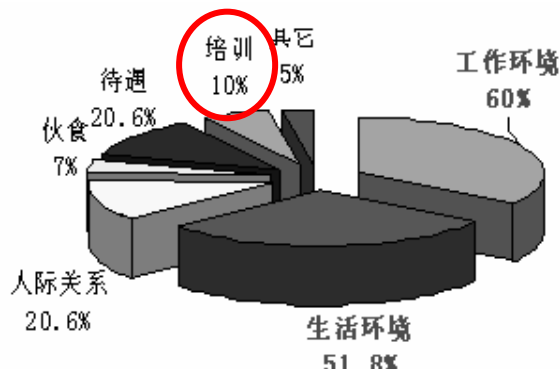


#### Appendix 4

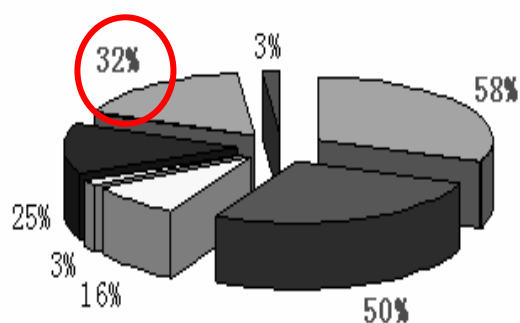
#### FXSZ Survey (Comparison Between 2006 and 2007) on CSR Activities at FXSZ and its Results on Employee Assistance Program (Survey data from 2007)

Key message: The workers who feel satisfied about the education program at FXSZ has jumped from 10% in 2006 to 32% in 2007.

(Results from the 2006 survey)



(Results from the 2007 survey)



Additional information on the survey done by CSR department, FXSZ:

1. Aim of the survey
  - Achieve top level CSR management (Improve worker satisfaction)
  - Care for the employees (Hire top quality workforce)
  - Understand employees' work and life conditions, and provide support
  - Increase and improve the quality of employees' leisure time
  - Provide opportunities for the employees to experience joy of personal growth
  - Maintain and improve psychological health of employees
2. Method
  - Survey target: all line managers and 10% of the line workers
  - Survey documents: two kinds (one for the line managers and the other for the line workers)
  - Distribution method: E-mail survey sheets to line managers. For line workers, distribute by paper through representatives of each department.
  - Collecting method: same as distribution method.
3. Survey frequency
  - Once a year, every June.

## **Appendix 5**

### **Contents of Fuji Xerox Management Guideline and Self Checklist**

#### **Environment**

1. Prevention of Global Warming
2. Promotion of Resource Conservation in Products (Reduced Use of Natural Resources)
3. Recycling and Proper Waste Disposal
4. Proper Management of Chemical Substances
5. Promotion of the Natural Environment Preservation (Biodiversity and the Ecosystem)
6. Adherence to Administrative Procedures
7. Promotion of Third-Party Certification of an Environmental Management System (EMS)
8. Promotion of Recommendation and Application to Your Company's Suppliers

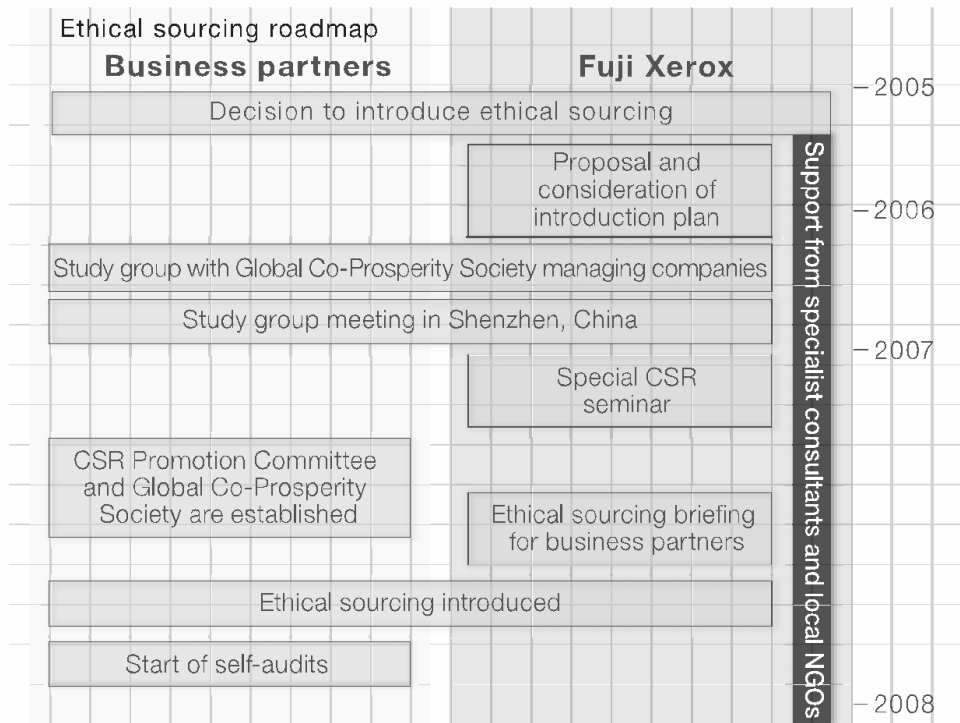
#### **Human Rights and Labor**

1. Prevention of Forced and Child Labor
2. Prevention of Unfair Discrimination and Privacy Infringement
3. Prevention of Violence, Sexual Abuse, Sexual Harassment, and Excessive Punishment in Workplaces
4. Provision of Appropriate Wages and Proper Management of Working Hours and Mandatory Days Off
5. Guarantee of Right of the Directly Employed for Organization and Collective Bargaining
6. Prevention of Work-Related Accidents at Workplaces and on Duties
7. Establishment of Measures on Treatment of Illnesses and Injuries and Maintenance of Health
8. Sufficient Healthcare Facilities and Welfare Measures
9. Promotion of Human Resource Development
10. Promotion of Third-Party Certification
11. Promotion of Recommendation and Application to Your Company's Suppliers

#### **Corporate Ethics**

1. Corporate Ethics and Compliance Management
2. Anti-Corruption
3. Protection of Intellectual Property
4. Guarantee of Fair Procurement Transaction
5. Establishment and Management of Raising Concerns and Whistle-blowing
6. Establishment of Information Security System
7. Promotion of Recommendations and Application to Your Company's Suppliers

**Appendix 6**  
**Fuji Xerox's Ethical Sourcing Roadmap**



From Fuji Xerox Sustainability Report 2007, Highlight 2  
 Website: <http://www.fujixerox.co.jp/eng/sr/>