

*Appendix D*

# ***Code of Conduct***

***A Handbook for Xerox People***

**XEROX®**

## **About This Handbook**

Xerox requires employees to behave ethically. This Code of Conduct outlines the Company's expectations regarding the ethics of your behavior while you are a Xerox employee. Failure to live up to these expectations will have consequences. Employees who violate our ethical standards will be subject to disciplinary action, which could include termination for serious offenses.

The examples in this book are intended to be illustrative only; they cannot cover every possible ethics situation or scenario. If you have questions about a specific situation, ask your manager or call the Ethics Helpline at 1-866-XXR-0001 or send an e-mail to [ethics@xerox.com](mailto:ethics@xerox.com).

This handbook is a summary of Xerox policies relating to business ethics. In the event of discrepancies between this handbook and the related policies, the policies are controlling. Employees can access Xerox policies through the WebBoard.

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*To Xerox People:*

*This handbook is one of the most important documents you will ever read at Xerox. It summarizes and synthesizes all of our policies relating to business ethics. It's a document I hope you will read and internalize. Even more important, I hope you will keep it and refer to it whenever the slightest question arises as to what is and isn't ethical behavior.*

*One of our core values at Xerox is behaving responsibly as a good corporate citizen. Keeping that value alive and strong in today's world is a solemn responsibility—and one that we all share. Most of us came to Xerox and chose to stay during a period of tremendous challenge and sacrifice because Xerox is a special place—a place that takes very seriously our responsibilities to customers, shareholders, employees and the communities in which we work and live.*

*And that responsibility begins with trust. Customers need to know that we will deliver the value we promise. Shareholders need to know that we represent our business performance and opportunities honestly. Employees need to know they will be treated fairly and respectfully. Communities need to know we are concerned with their well-being as well as our own. All of the people we deal with need to know that we behave in a consistent manner that is above reproach and fair.*

*This handbook is one tool to help all of us live up to the trust our various constituencies place in us. I have no doubt that Xerox people want to behave ethically. This Code of Conduct is intended to help you—to align all of us around a common set of policies.*

***Anne M. Mulcahy, Chairman and Chief Executive Officer***

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## 1. What Every Employee Needs to Know About ...

This section presents guidelines that every Xerox employee should use in determining whether a certain behavior or activity is ethical. In addition to the guidelines presented in this section, there are at least three other ways to determine if a behavior or activity is appropriate:

- Common sense. Generally speaking, the appropriateness of a practice or activity should be guided by common sense and good business judgment.
- Public scrutiny. Take the public scrutiny test: If you wouldn't want to read about your action on the front page of your local newspaper, don't do it.
- When in doubt, ask! Your manager, the Ethics Helpline, and the Office of Ethics and Compliance are resources available to help you do the right thing.

### **Protecting Our Integrity**

#### *Conflicts of Interest*

Conflict of interest is a basic concept of business ethics. Your actions as a Xerox employee always should be in the best interests of Xerox. If there is an opportunity for you to receive a personal benefit from your actions at Xerox because of a connection to another business, that is a conflict of interest.

*Here are some situations that could create conflicts of interest:*

- You or a family member has a significant financial interest in a company that has dealings with Xerox, and you are in a position to influence those dealings; for example, a decision to buy consulting services from such a company
- You or a family member has a significant financial interest in a company that competes with Xerox
- A family member is a director, officer, employee or consultant in a company that has business dealings with Xerox or competes with Xerox
- Your participation as a director, officer, employee, consultant or promoter in an outside business prevents you from devoting full time to your Xerox job.

**Family members** include your spouse, minor children or any other relative or person who lives in your home. The definition includes common-law or domestic partners.

**Significant financial interest** is one that is so substantial it could interfere with your ability to act in the best interests of Xerox.

*To ensure that you do not have a conflict of interest:*

- Tell your manager about any outside business interests that you or your immediate family members have if these interests create—or even appear to create—a conflict of interest
- Before you or a family member becomes involved in a new outside business that could create a conflict of interest, tell your manager (if you're not sure, err on the side of disclosing it). If necessary, your manager will call the Office of General Counsel (OGC) for guidance
- Before accepting a position as a director, officer, employee, consultant or promoter in another organization, get written approval from Xerox

- Do not work or consult for a business doing work similar to your Xerox job
- Do not use Xerox resources for other business purposes
- If there is a conflict of interest, take the action recommended by your manager to resolve it.

For more information, see the Human Resources (HR) policy on conflict of interest.

### ***Legal, Policy and Financial Controls***

An effective Controller function is necessary to maintain the integrity of our Company, our commitment to shareholder value and the health of the business. Three major elements make up the Controller function:

- Compliance with applicable laws, regulations and Company policies
- Rigorous business processes to ensure adequate information for management decisions and safeguarding of Xerox physical, financial and intellectual assets
- Integrity in communicating forecasts, projections and performance in a timely manner.
- All employees are expected to know the legal, policy and financial controls that apply to their jobs. You are responsible for:
  - Keeping accurate financial records for all your transactions, forecasts and business assessments
  - Understanding the financial records and processes associated with your job
  - Safeguarding Company assets that are entrusted to you.

In addition, you should alert your manager, the Office of General Counsel or the Ethics Helpline if you become aware of any:

- Actions that could harm Xerox's reputation as an ethical company
- Financial records that don't accurately reflect the nature of the transaction
- Unreasonable pressure for certain accounting results
- Efforts to avoid standard review and control processes
- Lack of periodic reviews of financial practices, records and results
- Poor record retention practices
- Failure to segregate duties regarding custody for recording and approving transactions affecting the Company's assets
- Financial results that don't match underlying performance
- Funds that have not been reported or assets that have not been recorded
- Transactions that lack the proper supporting documents
- Lack of controls to protect physical assets from loss or impairment
- Estimates that are not supported by facts or appropriate documents.

*If you work in Finance, you are responsible for:*

- Recording all financial transactions accurately, following generally accepted accounting principles (GAAP) or other applicable standards
- Preparing accurate financial records, based on facts and ethical evaluation
- Maintaining and updating sound financial processes and controls

- Providing timely and accurate forecasts to management
- Ensuring that those responsible execute all transactions in keeping with management's direction.

For more information, see the Compendium of Internal Controls and Maintenance of Internal Control Systems.

### ***Personal Community and Political Activities***

While Xerox encourages employees to participate in community and political activities, Xerox does not endorse any organization or activity in which you participate. Your decision to do so is personal. Similarly, Xerox does not discriminate in favor of or against employees based on the organizations they choose to support.

Xerox employees should plan any community activities outside of normal working hours. For events scheduled during work hours, you should make advance arrangements with your manager for any time off.

Individual employees are prohibited from:

- Donating Xerox resources, such as making copies or supplying paper, for personal community activities (you should refer requests for not-for-profit organization donations or sponsorships to the Xerox Foundation office in Stamford or, for Rochester employees, to the Community Relations office)
- Making political campaign contributions or engaging in fundraising activities on behalf of Xerox
- Using Xerox letterhead or Xerox e-mail to express personal views on pending legislation to public officials.

Employees are free to speak on public policy matters, provided they are not publicly identified as employees. If you plan to make public comments and you will be identified as a Xerox employee, you should clear your statement in advance with the Xerox Office of External Affairs (OEA). OEA will determine if the proposed position is appropriate and will select the person who should speak for the Corporation.

For more information, see the HR policy on political activities.

## **Protecting Our Information**

### ***Classifications***

There are three categories for classifying Xerox information. These categories indicate the information's relative value and the appropriate controls to protect it. The three categories are:

- **Xerox Confidential**, which applies to information that, if disclosed, would likely result in serious financial injury, damage to our competitive position, embarrassment, privacy violation, breach of contract or legal violations. This category includes personal employee information, such as performance appraisals and salaries

- **Xerox Internal Use Only**, for information that is not as sensitive as “Xerox Confidential” but is restricted to use by employees on a need-to-know basis
- **Xerox Third-Party Confidential**, for information provided by a third party, including a Xerox commercial partner, under an appropriate nondisclosure agreement.

*If you work with sensitive Xerox documents as part of your job,*  
be sure to:

- Mark and handle them based on their contents
- Take appropriate steps to safeguard Xerox information from unauthorized disclosure or misuse
- Put away Xerox classified information when you’re away from your work area.

Even unclassified information should not be disclosed outside the Company unless Public Relations (PR) or a senior manager authorizes it.

For more information, see the Information Security policies.

### ***Business Records and Documents***

Xerox records must be classified in keeping with Xerox Information Security policies as per above.

**Xerox records** include any information created or received in connection with the transaction of Xerox business. They can take the form of electronic and hard-copy documents, e-mails, photographs, microfilm and magnetic media such as tapes and disks.

As an employee, you should know and follow these security procedures for any Xerox records you handle and use in your job:

- Prepare all records—expense reports, time reporting, financial statements — accurately and honestly
- Retain records in secure storage and be sure to destroy them based on the appropriate retention schedule (if you receive notice of a pending lawsuit, you must suspend destruction of Xerox records as required)
- Do not share records with people outside the Company. Refer any requests for information to the Office of General Counsel or Corporate Records Management.

For more information, see the XServ Records Management Web site.

### ***Insider Trading and Inside Information***

As a Xerox insider, under Company policy you should buy Xerox stock for investment purposes only, generally holding the stock for at least six months from the date of purchase. The same requirement applies to your immediate family and others living in your home. If you have Xerox stock options, the vesting period satisfies the holding requirement so you can exercise Xerox stock options anytime after vesting.

You may never deal in Xerox options, puts, calls, straddles or any similar trading instruments that are publicly traded.

Tougher rules apply for employees who have material information that the Company has not made public. Simply put: If you have material information, do not buy or sell any Xerox securities. Do not permit family members to buy or sell. And do not share information with others, inside or outside the Company.

**Insider.** All Xerox employees, as well as members of their immediate families and anyone else living in their homes. **Material information.** Information that would be important to a reasonable investor in deciding whether to buy, hold or sell Xerox securities, such as the Company's financial performance, plans to buy another company or sell part of Xerox, or new products. **Securities.** These include Xerox common stock, debentures and notes. For this policy, it does not include stock options received from Xerox.

*If you're a Xerox officer...*

Xerox policy and the U.S. Securities and Exchange Commission (SEC) place more restrictions on officers and members of the Board of Directors because of their positions. They must contact the Corporate Secretary or Assistant Secretary before buying or selling any securities. As a rule, they can buy or sell only during a "window" period, just after quarterly earnings are reported. If a corporate officer makes a profit by buying and selling in less than six months, the Company is required to recapture that profit.

For more information, see the Office of the Corporate Secretary policies.

### ***Dealing with the Media***

Xerox Corporation is a global company that makes news all over the world. The goal of Public Relations is to ensure consistency—speaking to the public with one voice. Our Public Relations professionals work with the press every day to ensure that they have the right information to create accurate articles. PR also works closely with Investor Relations to ensure that all external communications comply with regulatory guidelines.

*If a member of the media calls you:*

- Find out what he or she wants, along with the name, telephone number, affiliation and deadline
- Tell the reporter that Xerox has certain procedures for on-the-record interviews and that you need to follow them
- Then call the appropriate Public Relations office from the list of media contacts in the Xerox Newsroom at [www.xerox.com](http://www.xerox.com).

*If Xerox Public Relations asks you to take part in an interview:*

- Think through your answer to every question the reporter asks
- Limit your comments to your area of expertise
- Be truthful; if you don't know the answer to a question, say so
- Avoid expressions like "no comment," "off the record" and "not for attribution,"

- which can be misinterpreted
- Never share Xerox Classified documents or information with reporters.

*If an outside organization asks you to submit a speech, article, customer endorsement, press release or other published statement that refers to Xerox, call Public Relations before accepting.*

### ***Dealing with Investors***

Rules about talking with investors—including institutional investors, securities analysts and individual investors—are very strict. Only certain people have the authority to represent Xerox to investors: the Chairman and CEO, the Chief Financial Officer, the Corporate Secretary and the Director of Investor Relations.

Do not respond to questions from investors. Refer them to Investor Relations at 203-968-4406. Xerox complies with the SEC Fair Disclosures Rules about disclosing material information to investors.

For more information, see the Office of the Corporate Secretary policies.

## **Protecting Our Assets**

### ***Physical and Intellectual Property***

Xerox assets include physical assets such as facilities, equipment and materials, as well as intellectual property (for more about intellectual property, see “If You Design, Develop, Invent or Create” on page 24).

All Xerox employees are responsible for judiciously using the assets entrusted to them and

protecting them from loss, theft or misuse.

To that end:

- Use Xerox assets appropriately in your work and protect them when not in use (for example, locking notebook computers in a file cabinet overnight)
- Do not give or lend these assets to anyone else without approval
- Display your Xerox identification badge while on Xerox premises
- Use electronic access control cards and other tools that provide access to Xerox facilities and systems only as authorized
- Do not admit unauthorized individuals into Xerox facilities
- Notify Corporate Security immediately if property is lost or stolen
- Notify the Ethics Helpline if you suspect any criminal activity.

### ***Computers and Other Information Systems***

To help our employees work efficiently, Xerox provides electronic information systems.

Based on their responsibilities, employees may have access to e-mail, computers, personal digital assistants (PDA), printers, fax machines, telephones, voicemail,

wireless devices and software.

Xerox expects that employees will use these tools for business. Company policy allows for limited casual personal use of these tools, just as one might make occasional personal phone calls.

Employees who misuse information systems may lose access privileges and, depending on the situation, also may be subject to disciplinary action, including termination.

Company policy prohibits the following activities:

- Any illegal activity, such as child pornography, pyramid schemes or software piracy
- Commercial or political uses, such as running a personal business or promoting a political candidate
- Chain e-mail or virus hoaxes
- Harassing or threatening communications
- Intentional concealment of your identity
- Any form of pornography
- Excessive personal use.

Other general guidelines:

- Do not store sensitive personal information on your Xerox computer (see “Privacy Rights” below)
- Report promptly any suspected violations or virus attacks.

## **Protecting Our People**

### ***Privacy Rights***

Xerox takes steps to protect the privacy of information about our employees and former employees. The Company keeps and discloses personal information only as required for business or legal reasons. Outside benefits administrators keep employee medical records separate from other employee information. The Company complies with all laws about the privacy of employee information and medical records.

*If you are a manager*, take care to protect personal information, like salaries and performance, about your direct reports.

*If you are involved in a Xerox investigation* of workplace conduct, cooperate fully, even if you consider your workplace actions or those of another employee to be personal.

Employment/credit references Xerox limits the information that it releases for employment or credit references. This information is confined to the following:

- Verification that you currently work or previously worked for Xerox
- Your current job title or last position
- Your work location
- The length of your employment
- Salary information—but only with your written consent.

Where privacy rights do not apply Privacy protection does not apply to personal information you may have stored on Xerox equipment or in your office files. Any electronic information stored on the Company's computers, servers and voicemail belongs to Xerox, and the Company can access this information at any time without employee consent. The Company has the same access rights to hard-copy files in Xerox offices, including those in desk drawers, lockers and other storage areas. Release of any information is subject to Xerox policy.

The Company also has the right to monitor employees' use of Xerox equipment and systems— telephones, e-mail, Internet, computers, fax machines, etc. This applies to all Xerox-owned equipment in the workplace and other locations.

For more information, see the HR policy on privacy.

### ***A Safe Work Environment***

Protecting the health and safety of Xerox employees, customers and neighbors is one of the Company's highest priorities. We aim to provide a work environment that is safe, secure and free of threats and violence.

Employees who commit or threaten acts of violence are subject to disciplinary action, including termination. Xerox does not permit employees, contractors or visitors to bring weapons onto any part of Xerox property, including parking areas. Only Corporate Security can authorize exceptions, such as for armored car employees who deliver cash to ATMs at Xerox locations.

Environment, Health and Safety All employees are expected to comply with standards set by Xerox Environment, Health and Safety (EH&S). You should:

- Take precautions to prevent injuries to you and other Xerox employees
- Report injuries, unsafe work conditions or threats of violence
- Make sure you know the emergency response procedures for your work location
- Look for ways to conserve energy and recycle materials; Xerox is committed to reducing the environmental impact of its operations and products
- Understand governmental environment, health and safety regulations that apply to your job.

*If you work in manufacturing, research or engineering:*

- Conduct all operations in a manner that safeguards health and minimizes risk of employee injury and property loss
- Be prepared for emergencies that may occur
- Design products in ways that ensure the safety of employees and customers
- Look for ways to conserve resources and minimize environmental impacts in keeping with Xerox Waste-Free goals
- Keep records as required by regulations and corporate standards
- Manage waste generated by Xerox operations, products and services through reuse and recycling.

For more information, see the Environment, Health and Safety and Security policies.

### ***Alcohol and Substance Abuse***

Xerox has a tough policy on alcohol and substance abuse. Employees are not permitted to report to work or conduct Xerox business on Company property or operate vehicles while under the influence of alcohol or controlled substances. This also applies to any other work site where employees are assigned during work hours.

In addition, Company policy forbids possession or distribution of these substances. Serving alcoholic beverages on Xerox premises to customers, guests or Xerox employees requires written approval from a Corporate officer.

Drug/alcohol tests All new job applicants must pass a drug test before joining Xerox. Certain customers may require that Xerox employees take drug or alcohol tests as a condition of doing business with them. Likewise, the Department of Transportation may require testing of Xerox employees holding specific jobs. Employees convicted under any federal or state criminal drug statute for a workplace violation must inform Xerox within five days. The same requirement applies to employees who plead guilty or no contest to such violations. Failure to do so may be grounds for disciplinary action.

Employee Assistance Program Through the Xerox Employee Assistance Program (XEAP), the Company helps employees who develop problems related to drug or alcohol use. Employees are encouraged to seek assistance voluntarily. The Company and its healthcare vendors will keep confidential any information about the consultation or treatment of Xerox employees. Participating in XEAP does not affect your job or career.

For more information, see the HR policy on drug testing and XEAP summary plan description.

### ***Diversity***

Xerox has a rich history of diversity and a long tradition of treating all people with dignity and respect. Xerox is an equal opportunity employer and complies with applicable state and municipal orders. Nationally recognized, the diversity of Xerox people is a competitive advantage.

By policy, Xerox does not discriminate in hiring, promoting, training or terminating people on the basis of:

- |                    |                      |
|--------------------|----------------------|
| — Race             | — Citizenship status |
| — Color            | — Marital status     |
| — Religious belief | — Sexual orientation |
| — Sex              | — Gender identity    |
| — Age              | — Veteran status     |
| — National origin  | — Disability status  |

### ***Harassment***

Xerox does not tolerate any form of harassment, including sexual harassment. The Company investigates, promptly and thoroughly, all allegations of harassment.

If you become aware of any harassment, notify your manager or HR manager immediately. Xerox policy prohibits retaliation against employees who report discrimination or harassment.

For more information, see the HR policies on non-discrimination and sexual harassment.

## **2. If You Work with Customers and Suppliers ...**

Anyone who works with Xerox customers and suppliers becomes, in effect, an ambassador for the Company. Your actions, your behavior and your conduct all reflect on the Company. So it is especially important to keep in mind the ethical boundaries outlined in this section.

### **Gifts and Entertainment**

Giving and receiving gifts, favors and entertainment by Xerox employees are subject to strict standards. Creating goodwill is the only acceptable purpose of gifts or entertainment. Gifts that make the receiver feel obligated to “repay the favor” by doing business with the giver are improper. It is against Xerox policy to give or receive anything of value to gain an unfair competitive advantage.

**Gifts** include not only tangible items and cash but also entertainment, personal services and even discounts on purchases.

Entertainment, whether you are on the giving or receiving end, should fall comfortably within the range of common business courtesies. Examples of common business courtesies: Lunch at a local restaurant, tickets to a local sporting event or a round of golf. Entertainment that doesn’t pass the “common business courtesy” test: Tickets to a top Broadway show and an overnight stay at the Plaza Hotel or a weekend trip to play golf in Bermuda.

### ***Giving Gifts***

In general, employees may give promotional or novelty items such as Xerox-logoed pens. You may give gifts to customers on occasion, but your manager must approve the gift. Gifts must be reasonable in value—generally less than \$100—and the gift cannot be contrary to the customer’s policy. Do not give money or any gift to an executive, official or employee of any supplier or customer if it creates the appearance that you are seeking special treatment in return.

Xerox policy allows for paying reasonable business expenses—such as meals, travel and entertainment—provided they do not violate the customer’s own policy

and the appropriate manager approves them.

Exercise good judgment in offering entertainment. It should not be lavish, unusual or extravagant in the eyes of an objective third party. If Xerox gives a customer tickets to a game or other event, the Xerox host must attend that event with the customer.

Xerox employees' business relationships with public sector customers are subject to stricter rules. For more information, see "If You Work with the Public Sector," beginning on page 20.

### ***Receiving Gifts***

You should advise your manager of any gift you receive, regardless of its value.

Employees are not permitted to:

- Solicit or accept any amount of money from a customer, supplier or anyone else connected with Xerox business
- Accept an honorarium greater than \$100 or a gift with a value greater than that amount
- Accept from any person with Xerox business dealings entertainment that goes beyond common courtesies associated with business practice (this also applies to members of your immediate family)
- Accept an invitation to a trip that requires overnight travel without first obtaining approval from a senior manager in your organization.

Some Xerox organizations, such as Global Purchasing, can establish stricter standards for their employees or for specific job classifications. If you work in an organization with tighter restrictions, you must comply with them.

For more information, see the HR policy on employment-related gifts.

### **Customers' Privacy Rights**

Just as Xerox safeguards its own information from misuse, the Company also protects information that customers entrust to us. Xerox employees must take care to prevent this customer-provided information—especially personally identifiable information—from unauthorized use. Failure to do so is a liability for Xerox and can result in disciplinary action, including termination.

*If you have access to customer information:*

- Use it only as the customer has authorized
- Secure all confidential customer records, paper and electronic
- Share information with other Xerox employees only on a need-to-know basis
- Do not share it with third parties (such as financing vendors) without the customer's written permission.

If customers have elected to opt out of receiving Xerox marketing messages (both e-marketing and hard copy), be sure to respect their wishes.

For more information, see the Information Security policies.

## **Suppliers' Guidelines**

Xerox bases its supplier relationships on fundamental principles of fairness and mutual respect, and we do business only with suppliers with high standards of conduct. We expect our suppliers to adhere to ethical and legal requirements in their business dealings with their employees, their local communities and Xerox.

*If you work directly with suppliers:*

- Contact Global Purchasing, the focal point for supplier contracts, before entering into any contract
- Make all purchasing decisions in the best interests of Xerox Corporation, not on personal considerations
- Do not enter into a business relationship on the condition that the supplier agrees to use Xerox products or services. This reciprocity is against Xerox policy
- Do not accept any items of value from suppliers. If you think there could be a conflict of interest (see page 5), contact your manager or the Office of General Counsel.

## **Fair Competition and Pricing**

In all our activities, Xerox complies with fair competition laws. Competition law issues can be very complex, so you should review Xerox policy and discuss any issues with the Company's legal counsel. The consequences for unlawful restrictions may be severe, including civil and criminal penalties for the Corporation and for individual employees.

### ***Competitive Agreements***

Xerox complies with competition laws in all of its activities. Competition law prohibits agreements—express or implied, formal or informal, written or oral—with any competitor to set prices or reduce output. Although arrangements to fix prices are always illegal, other types of agreements with competitors may be lawful if the participants act in combination to achieve pro-competitive benefits (such as lower costs or better products) that the participants could not achieve separately. Such arrangements require careful legal counseling.

### ***Agreements with Customers and Suppliers***

Competition law issues also may arise in dealings with customers or suppliers. In general, Xerox cannot dictate resale pricing to resellers such as distributors and dealers. True agency relationships provide greater flexibility but require close legal counseling. Xerox's ability to restrict where or with whom a reseller does business depends on a number of circumstances.

Examples of business arrangements that can, depending on the circumstances, raise legal

issues include:

- Conditioning the sale or lease of one product or service on the customer's agreement to take some other separate product or service
- Restricting a customer's choices in using or reselling a Xerox product or service
- Non-standard technology licensing agreements
- Selective discounting
- Distribution arrangements with territorial or customer restrictions
- Refusing to sell products or services to competitors
- Pricing below cost; this practice can be illegal, depending on the circumstances
- Offering extremely high prices on goods or services that the purchaser needs in order to compete against Xerox.

### ***Benchmarking Information***

The exchange of benchmarking information with competitors can create serious competition law issues. Avoid contacts with competitors that could create even the appearance of improper agreements, whether the contact is in person, in writing, by telephone or through e-mail.

While the exchange of "best practices" can enhance competitiveness, exchanging cost or salary information with competitors requires carefully controlled conditions. In addition, future pricing plans never should be shared with competitors.

### ***Mergers, Acquisitions and Joint Ventures***

Fair competition issues can arise in mergers, acquisitions and joint ventures. If you work in this area, consult with the Office of General Counsel on any proposals.

*If you work with suppliers, vendors, customers or competitors:*

- Avoid contacts with competitors that could create even the appearance of improper agreements, whether the contact is in person, in writing, by telephone or through e-mail
- Consult with Company legal counsel before entering into any non-standard distribution, reseller or marketing alliance agreement
- Learn and comply with your business' specific procedures that address contacting competitors, obtaining data concerning competitors, and participating in trade associations, professional societies, and standards development and product certification organizations
- Use care in all written and verbal communications to avoid any statement that could be misconstrued as intent to act in an anti-competitive way
- Consult with Company legal counsel early in the process of evaluating any proposed merger, acquisition or joint venture.

### **International Trade**

Most countries regulate international trade for reasons of national security and foreign policy. These laws and regulations apply to all import, export, and re-export of goods,

software and technology; they also encompass international financial transactions. In this regard, Xerox complies with all applicable U.S. and other country import/ export trade laws and regulations.

Communication of these laws and regulations, for U.S. Export Control purposes, is accomplished through a worldwide Export Control Coordinator (ECC) Network. Other country import/export laws and regulations are communicated through that country's ECC, supported by the Office of General Counsel or designated outside counsel. Each affiliate or country requires appropriate reporting, documentation, record retention and auditing for compliance.

In addition to laws and regulations regarding all imports and exports, U.S. law prohibits any cooperation by Xerox or its affiliates with boycotts by certain groups or countries against countries friendly to the United States (generally interpreted to be Israel, its citizens and businesses). All boycott requests must be reported to your senior executive and ECC in writing, even though the request is not honored.

The United States also prohibits exports, directly or indirectly, to certain destinations, individuals and organizations. These include, but are not limited to, denied parties, specially designated nationals, blocked persons, specially designated terrorists, designated foreign terrorist organizations, U.S. embargoed countries, terrorist countries and United Nations (UN)-sanctioned countries.

*If you are responsible for importing or exporting Xerox goods:*

- Do not transact business with “barred” parties: denied parties, specially designated nationals, blocked persons, specially designated terrorists and designated foreign terrorist organizations
- Do not enter into any transactions with U.S. embargoed countries and UN-sanctioned countries. Understand and comply with other country restrictions for anti-terrorism, countries of concern for national security, etc.
- Refrain from transactions requiring U.S. government approval or licensing prior to export. This applies to commodities, software and technology export, re-export or “deemed” export transactions with persons or destinations that require U.S. government approval
- Finally, work with your local ECC and the Office of General Counsel to learn and follow Corporate guidelines and restrictions regarding all export and re-export transactions.

For more information, see the policies on multinational trade.

## **Prohibited Practices**

### ***Bribery and Improper Payments***

Xerox employees may not offer anything of value to gain an improper advantage in any transaction. The Company prohibits improper payments in all of our activities with customers. This policy allows lawful reimbursement for reasonable bona fide expenses, such as customer travel related to a Xerox contract.

U.S. law, like the Foreign Corrupt Practices Act, and Xerox policy require accurate books and records, including those for payment of fees and gratuities. Xerox's internal controls require that all transactions be properly and correctly recorded. Xerox records must accurately reflect the true nature of these transactions and the transfer of Xerox assets.

*If you work with customers:*

- Never give, directly or indirectly, anything of value to gain an improper advantage
- Do not offer a business courtesy, like a gift or entertainment, if it creates even the impression of seeking an improper advantage
- Never give a payment to any government official to expedite a routine administrative action, or for any other purpose, without consulting the Xerox Office of General Counsel (if OGC approves a facilitating payment, make sure it is clearly and accurately reflected in your books and all financial reports)
- Do not make political contributions on the Company's behalf. The Vice President for Government Relations must approve any Company contribution for political purposes in the United States; the Office of General Counsel also must approve contributions outside the United States.

*If you are responsible for selecting individuals or firms to represent Xerox:*

- Use due diligence
- Check on their reputations and references
- Require that they comply with the law
- Be wary of anyone who claims "special arrangements" with officials.

### ***Money Laundering***

Xerox does business only with reputable organizations whose business is legal and whose funds come from lawful sources. The United States and many other countries have laws that prohibit accepting the proceeds of criminal activities. Individuals or organizations involved in criminal activity, including terrorism, may try to "launder" money through a charity or lawful business. Engaging in money laundering puts Xerox's integrity at risk.

If you work with customers and their payments, here are some danger signs to watch for:

- Requests to pay in cash, travelers checks or checks from an unknown third party
- Complex payment patterns
- Unusual transfers to or from foreign countries not related to the transaction
- A customer who seems eager to avoid recordkeeping requirements
- Transactions involving locations, like the Cayman Islands, associated with money laundering or tax evasion.

If you become suspicious or have questions about money laundering, raise your concerns and questions to your management and to Corporate Security. Resolve any concerns before transactions proceed further.

### 3. If You Work with the Public Sector ...

Specific laws and regulations govern many business practices in selling to public sector accounts. In fundamental ways, they vary significantly from the way in which we do business in the commercial world. This section provides basic guidelines on these differences. The rules are not complex, but they are absolute. Failure to abide by the laws can subject you, the Company and our customers to civil, criminal and contractual penalties. Ignorance of these laws is not an excuse.

#### **Procurement Integrity**

Once a procurement process begins, tough restrictions apply. The process begins when a public official initiates a buying decision. Since this can occur before issuing a public bidding notice, the safest course always is to ask an appropriate official where he or she is in the procurement process.

During the procurement process, Xerox employees are prohibited from:

- Offering employment to any public official involved in the process
- Offering gratuities to procurement officials (these impose separate and more severe penalties than normal gratuity violations)
- Asking for proprietary or **source selection information** (conversely, Xerox can give government officials any data that we believe work to our competitive advantage).

**Source selection information** involves all data that procurement officials use to set their buying requirements. This can include competitor data, government records and internal analysis reports. In short, it involves anything that is not otherwise available to the public under the Freedom of Information Act.

#### **Contact Guidelines**

The Xerox Office of External Affairs (OEA) in Washington, D.C., monitors federal and state public policy developments that could have an impact on Xerox. OEA encourages employees to help in identifying these issues and developing the Company's position. OEA must approve any public policy statement on behalf of Xerox.

In the United States, OEA also coordinates all contact with government agencies and legislative groups on behalf of Xerox Corporation.

Outside the United States, all contacts with governments, legislatures or multinational bodies (such as the European Union or World Trade Organization) must be cleared with the individual designated by local management. OEA must be notified in advance of any planned actions.

OEA is the only organization that has the authority to retain lobbying consultants to represent Xerox in any federal, state or local public policy matter. Engaging someone registered as a lobbyist to assist in marketing efforts could be problematic. Even if the objective is something other than lobbying, it's considered lobbying if a lobbyist is involved.

Only OEA is authorized to make political contributions on behalf of Xerox, through the Xerox Political Action Committee (XPAC). Do not make campaign donations on behalf of Xerox. The same restriction applies to fundraising activities. If the proceeds of an event will go to a campaign fund, Xerox should not participate.

You are free to speak or write on public policy matters, provided you are not publicly identified as a Xerox employee. If you plan to make public comments and you will be identified as a Xerox employee, you should first clear your statement in advance with OEA since listeners or readers could presume that you are stating Corporate positions. OEA will determine if the proposed position is appropriate and will select the person who should speak for the Company.

Similarly, you cannot use Xerox letterhead or Xerox e-mail to express personal views on pending legislation to public officials.

For more information, see the HR policy on relationships with government customers.

## **Prohibited Practices**

### ***Gratuities to Public Officials***

Any public sector organization, from the federal government to a school district, has its own set of guidelines on gifts. One principle, however, applies across the board: No vendor may offer or give a public official anything that does not have a legitimate business purpose.

As a rule of thumb, giving a public official anything of value that you might want yourself probably is illegal. These potentially illegal gratuities include but are not limited to:

- Cash payments
- Tickets to sporting events, golf outings, trips to the Olympics and similar events
- Cab fare, meals and lodging, discounts (for example, charging only \$1 for a Super Bowl ticket) and entertainment
- The hiring of a government official's relative.
- Each public sector jurisdiction has its own guidelines concerning the dollar value of an illegal gratuity. For example:
- Xerox policy forbids offering or giving any gratuity of any type to any employee of the executive branch of the U.S. government
- New York City limits the amount to \$50, while the Commonwealth of Pennsylvania permits nothing
- State-by-state guidelines are available through the public sector Web site
- Limits below the state level often are different and must be consulted on a case-by-case basis.

### ***Bribery and Improper Payments***

Xerox employees may not offer anything of value to get an improper advantage in any

transaction. Federal and state laws prohibit giving or attempting to give public officials a bribe. All countries prohibit the bribery of their own public officials; many also prohibit the bribery of officials of other countries. A violation of this policy can result in severe civil and criminal penalties.

**Bribe:** The offer of something of value with the intent to influence an official act of a public official.

Bribery statutes do not require that a bribe be paid—only that it be offered, promised, asked for or requested in connection with some official act. The official act may be one of commission or omission. It is not necessary that the public official have the authority to act, only that the briber thinks he or she does.

Xerox policy goes beyond these laws. The Company prohibits improper payments in all of our activities with governments and international agencies. This policy allows lawful reimbursement for reasonable bona fide expenses, like customer travel related to a Xerox contract.

U.S. law and Xerox policy require accurate records for payment of fees and gratuities. Xerox's internal controls require that all transactions be properly recorded. Xerox records must fairly reflect these transactions and transfer of Xerox assets.

*If you work with governments, international agencies or public officials:*

- Never give, directly or indirectly, anything of value to obtain any improper advantage
- Do not offer a business courtesy, like a gift or entertainment, if it creates even the impression of seeking an improper advantage
- Never give a payment to government officials to expedite a routine administrative action without consulting with the Xerox Office of General Counsel (if OGC approves a facilitating payment, make sure it is clearly and accurately reflected in your books and all financial reports)
- Do not make political contributions. The Vice President for Government Relations must approve any Company contribution for political purposes in the United States; the Office of General Counsel also must approve contributions outside the United States
- Never offer anything during the course of procurement or contract negotiations—no gifts, no lunches, no offers of employment to family members
- Do not extend personal or business favors to public officials in exchange for favorable action
- Never offer anything of value to a public official you believe to be responsible for business decisions. Even the offer can create the appearance of misconduct
- If you believe that a public official may be soliciting a bribe, report it to the Ethics Helpline or the Office of General Counsel.

### ***Collusive Bidding***

Federal and state antitrust laws prohibit particular types of anti-competitive behavior—that is, business arrangements among competitors that restrict open competition in public sector procurements. These activities generally are labeled as collusive bidding.

The most common collusive bidding schemes are:

- Bid suppression, which occurs when two or more competing contractors agree either not to bid on a particular contract or withdraw their bids so a particular contractor wins the award
- Complementary bidding, which involves two competitors who agree that one of them will win an award. The designated winner-to-be either shares with the others the price he intends to offer or simply instructs others what they should bid. This scheme creates the illusion of competition where there really is none
- Bid rotation, in which contractors bidding on the same contracts agree to take turns as low bidder over a period of time. Some of these plans allow the losing bidders to become subcontractors to the winner
- Market division, in which competitors agree to divide a market among themselves on the basis of criteria other than rotation. For example, competitors in the education marketplace agree that one will bid public schools while the other takes private institutions.

To prevent collusive bidding, do not share Xerox pricing with any outside individuals or companies. And never disclose Xerox's bid strategies.

Collusive bidding statutes do not prohibit bidding arrangements between affiliated companies unless the two affiliated companies bid on the same opportunity and collude on pricing.

### ***Kickbacks***

Federal and state laws impose civil and criminal penalties against companies that offer or accept kickbacks in connection with public sector procurements. In essence, these laws prohibit giving anything of value (see "Gratuities to Public Officials" on page 17) in exchange for favorable treatment between prime contractors and subcontractors.

A kickback does not have to be completed to fall within the scope of these laws. Even attempts to provide or receive a kickback are illegal. The laws broadly cover all forms of favorable treatment that could constitute a bribe. These statutes also require companies to report to the government any suspected kickback or attempted kickback that comes to their attention.

To avoid the appearance of kickbacks on government contracts:

- Deal with subcontracting partners and vendors at arm's length
- Do not exchange business favors with subcontractors
- Do not award public sector subcontracts to unqualified vendors
- To the extent possible, obtain competitive proposals for public sector subcontracts.

## 4. If You Design, Develop, Invent or Create ...

Included among Xerox's most valuable assets is its intellectual property: inventions, patents and patent applications, trade secrets, trademarks, copyrights, know-how and other proprietary information. Xerox protects, maintains and defends its rights in all commercially significant intellectual property and original works of authorship. These include computer programs, equipment manuals and databases. Xerox respects the valid intellectual property rights of others.

### **Protecting Intellectual Property**

Unauthorized use of the intellectual property rights or copyrighted materials of others may expose Xerox to civil lawsuits and damages.

To protect Xerox's intellectual property, be sure to:

- Abide by the terms of the Proprietary Rights and Conflict of Interest Agreement (PRCIA) you signed when you joined Xerox
- Understand your responsibilities to the Company regarding new works of authorship that you may create while a Xerox employee
- Respect copyrighted materials of others by not reproducing, distributing or altering them without a license or the permission of the copyright owner. Copyright laws allow for limited fair use exceptions; consult with the office of General Counsel
- Respect valid patent rights, copyrighted materials and other protected intellectual property of others
- Don't disclose Xerox proprietary information to outsiders without the protection of a Xerox Confidential Disclosure agreement or similar agreement reviewed and approved by the Office of General Counsel
- Follow the guidelines for use of Xerox trademarks and trade names contained in the Xerox Identity Manual
- Consult with the Office of General Counsel before entering into agreements to acquire or distribute third-party published software (other than standard shrink-wrapped software) to ensure that the necessary licenses and/or permissions have been obtained
- Consult with the Office of General Counsel if you have any questions about licenses, or copyright issues or have any questions about your responsibilities
- Understand the need for the Corporate Office of Management of Intellectual Property (COMIP) to review transactions involving licensing of intellectual property.

### **Inventors, Researchers, Patent Attorneys**

If you are an inventor, researcher or patent attorney, be sure to:

- Identify and protect commercially significant Xerox intellectual property through appropriate processes, including but not limited to the timely submission of invention proposals or disclosures to the Intellectual Property Law Department
- Follow the requirements of Xerox's Outside Submission Procedure in handling unsolicited ideas from outsiders, as well as any employee ideas not covered by the Proprietary Rights and Conflict of Interest Agreement by directing such ideas to the

### Xerox Intellectual Property Operation

- Consult with the Office of General Counsel before soliciting, accepting or using proprietary information of outsiders, including former employers of any Xerox employee, or permitting third parties to use Xerox intellectual property
- Use the Publication Release Request process for all proposed technology-based publications and involve Public Relations in any non-technology publications or public announcements
- Assert intellectual property rights only in ways consistent with the law
- Deposit and register with the U.S. Copyright Office all original Xerox authored and published books, manuals and computer programs (but not advertising and promotional literature). Registration also should be made in those countries that have a registration procedure and where deemed appropriate by local counsel and copyright counsel, such as in Japan for computer programs
- Consult with the Office of General Counsel before committing to writing (paper or electronic) any discussion of pending or threatened litigation of intellectual property matters and particularly matters of infringement or validity of intellectual property rights.

### **Prohibited Practices**

It is against Company policy to:

- Discuss Xerox proprietary information with customers or suppliers without checking on the status of the relationship as confidential or non-confidential
- Distribute copyrighted materials without the appropriate copyright notice
- Enter into agreements with third parties to grant or receive licenses for intellectual property (other than standard shrink-wrapped copyright licenses) without COMIP approval
- Employ an individual who previously worked for a competitor without putting in place safeguards to prevent that person from inadvertently disclosing or using the competitor's proprietary information
- Accept online freeware or shareware without first consulting the Office of General Counsel
- Copy computer software licensed by Xerox Corporation for personal, Company or customer use
- Receive, from an employee, proprietary information about, or copyrighted materials from, his or her prior employer
- Accept proprietary information from an outsider without first consulting the Office of General Counsel, particularly under circumstances where a confidential relationship exists or may be implied
- Pass on, for technical or management review, an outsider's suggestion for a new product, product feature, service or name without following the Xerox Outside Submission Procedure
- Introduce or divulge information about a new future product, system, service or solution before a patent application has been filed or a final decision has been made not to file an application
- Introduce a new product, system, service, solution or name before checking for patent

or trademark infringement

- Threaten anyone suspected of infringing any Xerox intellectual property or copyright without first consulting with the Office of General Counsel
- Discuss or comment in writing (paper or electronic) intellectual property litigation issues or copyright infringement without the Office of General Counsel participation or review.