



## 2018 Corporate Social Responsibility Report

# Letter to Stakeholders

*Message from John Visentin, Vice Chairman and Chief Executive Officer*

Dear Stakeholders,

Xerox is an iconic company driven by innovation. From the invention of the first copier more than fifty years ago, to today's mobile apps and Artificial Intelligence-driven voice recognition in our ConnectKey® multifunction devices, Xerox revolutionized the way the world works and manages information.

Today, we are building on that legacy by turning investments in innovation into products and services that help our customers be more productive, profitable and sustainable. Our pledge to inspire and support our people, conduct business ethically and protect our planet remains at the core of everything we do.

We believe what's good for society is good for Xerox. In 2017, we made progress against some of our most ambitious environmental and social goals. Our accomplishments include:

- 100 percent of products, parts and consumables returned by customers at end-of-life were diverted from entering landfills. Instead, we remanufactured, reused, recycled, or provided the waste to suppliers who converted it into an energy source.
- 100 percent of newly-launched, eligible Xerox products satisfied the Electronic Product Environmental Assessment Tool (EPEAT®) and EPA ENERGY STAR® eco-labels.
- Six percent of our employee population are military veterans.
- Nine percent of our total supplier spend is with small businesses, minority-, women- or veteran-owned businesses.
- 91,000 hours were volunteered by our employees to local community involvement projects.

We recognize the world's challenges, like climate change and human right issues, continue to devastate our planet and we understand the role we play. We're proud of the steps we've taken to mitigate these issues and remain committed to continuing them.

Driving efficiency in our business operations, smart investments in technologies that afford our customers added agility—personalization, automation and better workflow—as part of our customer-centric approach, will underpin our corporate social responsibility efforts.

Our 2018 Corporate Social Responsibility Report continues to tell the story of our journey.

# 2018 Corporate Social Responsibility Progress Summary

In 2018, Xerox introduced a Corporate Social Responsibility Progress Summary, a snap shot of data, accomplishments and goals relating to our work within the environment, social and governance categories. The summary, found on our Corporate Social Responsibility webpage, is updated frequently. The goal is to make available a current and evergreen summary of work, goals and progress to date for stakeholders.

View our [Corporate Social Responsibility Progress Summary](#).

# Framework

## Leadership

The Xerox Board of Directors represents the interests of our shareholders in the operation of a successful business, including continuation of our corporate legacy of Corporate Social Responsibility (CSR). The Board is responsible for ensuring that our company is managed to ensure this result, which will assure the company's vitality for its customers, employees and the other individuals and organizations that depend on it. This function is active, not passive. The Board has the duty to ensure that in good times, as well as difficult ones, management is capably executing its responsibilities.

The Board's responsibility is to monitor the effectiveness of management policies and decisions, including the creation and execution of its strategies. The Board is also responsible for monitoring the establishment and enforcement of procedures designed to ensure that Xerox's management and employees operate in a legal and ethically responsible manner.

### Independence of the Board

The Board comprises a substantial majority of Directors who qualify as independent Directors and there is an independent Chairman. The Board will make a determination as to each Director's independence, broadly considering all relevant facts and circumstances. However, the Board has adopted categorical standards to assist it in making the independence determination. Under these categorical standards, a Director shall not have a material relationship with Xerox or any of its consolidated subsidiaries, and thus be presumed to be independent.

### Board Membership Criteria

The ultimate responsibility for the selection of new Directors resides with the Board. The Corporate Governance Committee reviews candidates for election as Directors and annually recommends a slate of Directors for approval by the Board and election by the shareholders.

The Board requires that a substantial majority of its members shall consist of independent Directors. Any management representation should be limited to top Xerox management. Nominees for Director are selected on the basis of, among other things, broad perspective, integrity, independence of judgment, experience, expertise, diversity, ability to make independent analytical inquiries, understanding of Xerox's business environment and willingness to devote adequate time and effort to Board responsibilities. Members should represent a predominance of business backgrounds and bring a variety of experiences and perspectives to the Board.

For more information, visit:

<https://www.xerox.com/en-us/about/corporate-citizenship/guidelines>

Xerox aims to be a role model in ethical behavior and business practices, nurturing a culture of integrity, openness and inclusion. The Company's Board of Directors is 90 percent independent Xerox people worldwide are well aware of and respectful of Xerox's Code of Business Conduct, available in 19 languages. The Xerox corporate governance guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision-making both at the Board and management level, with a view to enhancing long-term shareholder value.

# Corporate Social Responsibility

The Corporate Governance Committee of the Board of Directors has oversight of corporate social responsibility. The Committee reviews significant shareholder relations issues and environmental and corporate social responsibility matters, and ensures that our actions align with our core values and priorities for citizenship.

Read more about Corporate Governance at [www.xerox.com/governance](http://www.xerox.com/governance).

The CSR Council, comprising senior executives who manage a specific CSR topic area, has centralized oversight of the corporation's management approach, including policies, goals, strategies and actions to drive progress. Each senior executive works with individuals that have expertise and experience in a specific topic area. An individual from the Staff of the CEO participates in all Council Meetings to provide direction and guidance.

The primary mission of the CSR Council is to drive strategies with a customer-centric impact across Xerox globally to advance our legacy of leadership in corporate citizenship. Actions taken meet the expectations of our stakeholders, including customers, employees, investors, regulators and communities worldwide. In 1946, CEO Joseph C. Wilson established our core values that have stood the test of time and align with the Social Development Goals (SDGs). We will continue our efforts to bring our operations and those of our customers closer to goal achievement.

## Xerox Values

Since our inception, we have operated under the guidance of six core values:

- We succeed through satisfied customers.
- We deliver quality and excellence in all we do.
- We require premium return on assets.
- We use technology to develop market leadership.
- We value and empower employees.
- We behave responsibly as a corporate citizen.

The governance model employs forward thinking, an awareness of current and trending stakeholder requirements and knowledge of industry best practices. We advance our CSR agenda using the expertise, skills and passions of our employees and the historical knowledge acquired from years of striving for CSR excellence.

Assuming a lead role in sustainability requires a focused approach to drive the greatest value to our stakeholders and company. We utilize a materiality assessment to prioritize our activities. Corporate policies and procedures pertaining to CSR include:

- [Code of Business Conduct](#)
- [Corporate Environment, Health, Safety and Sustainability \(EHS&S\) policy](#)
- [Non-Discrimination Policy Finance Code of Conduct Online Privacy Policy](#)
- [Disclosure Policy](#)

## Tracking of External Developments

The Office of Global Government Affairs is responsible for tracking external developments, including climate change policy, and for determining if they are likely to affect Xerox products and operations. Through trade associations and partnerships, EHS&S tracks applicable regulations and policy changes that may affect the company. We develop processes, new technologies and products to counter the risks associated with external changes.

Our major operating units and key corporate functions (e.g., Risk Management, Real Estate) also are responsible for evaluating, monitoring and managing within their respective businesses site-specific risks that potentially affect Xerox's ability to achieve its overall business objectives. The Business Continuity Assurance Process ensures business units prepare for environmental risks.

## Standards and Programs

Standards are the means to implement our policies and guide employees and suppliers in complying with corporate policies. These worldwide principles, such as those for environment, health and safety, apply across Xerox and establish specific requirements for products, services and operations. We also have company-wide programs, such as Zero Injury, to engage employees worldwide.

## Supply Chain Management

As a critical element of supply chain governance, we extend environment, health and safety requirements across our supply chain. Since 1998, we have asked our materials, electronics and component suppliers to meet specific criteria. Since 2006, we continue to be an active member in the Responsible Business Alliance's (RBA) Code of Conduct to broaden our means for validating that suppliers are operating according to accepted industry standards. As an RBA member, we assess our own facilities, as well as suppliers, using established auditing protocol. For more information, see the [Supplier Relations section of this report](#).

## Our Stakeholders

We communicate with stakeholders on corporate social responsibility matters. Stakeholders include employees, customers, investors, universities, government agencies and special interest groups. The following stakeholder engagements are a few of the ways we deliver on our commitment.

### Focus — Our World: Regulators, Public Policymakers and Influencers

#### How We Engage

- We work with governments, others in our industry and the broader business community to advocate for public policies that support our business goals and expanded economic opportunity for all people globally. We do this directly through the Office of Global Government Affairs, which represents Xerox to federal, state and local governments throughout the U.S. and foreign governments around the world, and indirectly through various coalitions and trade associations.

#### Examples

- As a participant in the Coalition against Counterfeiting and Piracy, we play a role in combating theft of intellectual property and manufacturing "knock-off" products.
- We are passionate about programs that further American students' access to science, technology, engineering and math (STEM) curricula.
- Our senior managers play a leadership role in various organizations, such as the Business Roundtable and U.S. Chamber of Commerce. These organizations develop and promote policies considered important to our public policy interests and operations.

### Focus — Our Communities

#### How We Engage

- Employees contributed their time and talents in hundreds of community-related projects worldwide.

#### Examples

- Xerox Community Involvement Program (XCIP) invested \$778,375 in 344 non-profit organizations across the U.S. Since the program began in 1974, thousands of Xerox people have participated in projects that make their hometown a better place.
- Xerox researchers and scientists participate in the Xerox Science Consultant Program, which sends our people into elementary schools to teach science and to ignite interest in science as a career.

- Xerox Canada mobilized their WeCAN employee giving campaign raising more than \$500,000 to feed those in need and support programs giving kids a healthy start.

## **Focus — Our People**

### **How We Engage**

- Culture survey
- Ethics hotline
- Open-door policy
- Global webcasts
- Town hall meetings
- Employee roundtables
- Internal social networks and knowledge sharing
- Affinity groups

### **Examples**

- In 2017, the CEO conducted several country visits, employee roundtables, employee town halls and employee webcasts.
- Global Talent@Xerox provides employees with tools to manage their performance and development. Its sister application, Global Careers@Xerox, provides our internal talent pool with visibility to current job openings.
- Global access to learning and career development: annually, our employees and authorized partners launched approximately 1 million learning resources.
- Xerox employees and authorized partners have global access to a collection of thousands of learning resources, including videos, online classes and digitized books.
- XstreamVideo, our video-sharing platform, contains more than 10,000 videos created by Xerox employees, increases workforce engagement, enables our people to identify and promote innovative solutions and accelerates adoption of successful business strategies.
- Learning with curated resources target specific employee needs, aligned to our workforce development strategy.
- Yammer, a private microblogging network, enables our employees to connect and collaborate with their colleagues in open or private groups. Since its launch in 2010, nearly 12,600 employees have joined the network.
- Leading@Xerox enables the targeted development of leaders and managers at all levels through curated collections of internal and external learning resources, including videos, courses, online books, and audio books.

## **Focus — Our Customers**

### **How We Engage**

- Customer relationship surveys
- Transactional surveys
- Tracking customer satisfaction
- Social media
- Xerox Customer Community and Forum
- Our blogs and social media platforms
- Xerox Corporate Focus Executive Program
- Customer Care Officer of the Day
- Customer personalized portal offering

### **Examples**

- Customer support offers social engagement, enhancing the online support experience. The Customer Support forum provides a peer-to-peer environment for customers and other industry professionals to post and respond to discussion threads about Xerox equipment and software. With thousands of registered members and more than half a million message views per month, customers can resolve printing issues and participate in conversations about Xerox products in a 24/7 online community.
- The “At Your Service” blog shares bi-weekly articles on product features and usability tips and tricks to enhance the value-add of our devices.

- “@XeroxSupport” on Twitter helps customers by sharing tips and tricks, engage in the social community and shares notifications of information in a timely manner.
- MySupport portal is a customizable secure portal that displays the customer’s fleet of products. This allows for one-click access to drivers, documentation and our award-winning support knowledge base as well as meter information and supply usage information for Xerox networked devices. Customers can also sign up to receive notifications of new drivers, security alerts, software updates and support bulletins. Placing a service call online is easy with the autofill form and checking on the status of the request is just a click away.
- Customer Satisfaction surveys help us identify and meet customers’ needs and expectations for a flawless web experience. From updates to our product knowledge to newly designed support pages, we appreciate the feedback and try to respond and implement changes in a timely manner.
- The Xerox Support YouTube channel offers helpful “How To” videos on several of our products and software offerings.

## **Focus — Our Suppliers**

### **How We Engage**

- Routine business reviews with key suppliers.
- Assess supplier performance against the Responsible Business Alliance (RBA) code of conduct.
- Annual communication of Xerox supplier code of conduct to supplier base and Xerox purchasing staff located in regions where suppliers are located.
- Inclusion of small and diverse businesses through our Supplier Diversity Program.

### **Examples**

- Achieved the Chartered Institute of Procurement and Supply Platinum Certification globally.
- Xerox holds executive sponsored reviews with key suppliers quarterly or semi-annually.
- Since 2010, Xerox has conducted over 350 compliance reviews and audits with Xerox Suppliers to ensure compliance with the RBA Code of Conduct.
- A letter is sent annually to all active suppliers reaffirming our commitment and supplier expectations regarding the RBA Code of Conduct.
- Xerox Global Procurement has approximately 140 purchasing employees located in Asia, 60 employees in Western Europe and over 100 located in North America.
- All Global Procurement personnel are members of the Institute of Supply Management (ISM) and are encouraged to take advantage of the resources and professional certifications, such as the Certified Professional in Supply Management (CPSM).
- Xerox is a regional corporate member of the NY/NJ Minority Supplier Development Council and a national corporate member of the Women’s Business Enterprise National Council. Xerox spent over \$300 million with U.S. Tier 1 diverse and small businesses in 2017.

## **Focus — Our Shareholders**

### **How We Engage**

- Annual meeting of shareholders
- Quarterly teleconferences
- One-on-one investor briefings
- Annual investor conference
- Small group meetings
- Equity brokerage conferences

### **Examples**

- Xerox executive leadership spoke with over 200 investors and analysts through meetings and phone calls.
- Xerox executives participated in seven brokerage conferences.
- Investors and analysts met with Xerox leaders at the Print 17 trade show in Chicago.
- Xerox hosted small group meetings with current and potential investors in major markets, including Atlanta, Boston, Dallas, Houston, New York, San Francisco and Toronto.



# Affiliations

To advance global efforts to improve the environment, Xerox partners with the following private and public organizations.

Topic	Organization
Currency Security	Coalition Against Counterfeiting and Piracy Central Bank Counterfeit Deterrence Group
Data Privacy	Canadian Personal Information Protection and Electronic Documents Act
Diversity	NAACP Legal Defense and Educational Fund A Better Chance National Urban League Minority Corporate Counsel Association Human Rights Campaign Inclusion Initiative National Minority Supplier Development Council (NMSDC) U.S. CEO Action for Diversity & Inclusion Women's Business Enterprise National Council
Economic	Imaging Consumables Coalition of Europe Imaging Supplies Coalition Economic Committee for Economic Development, New York Economic Development Councils, Webster (NY) Chamber of Commerce, Rochester (NY) Chamber of Commerce, Norwalk (CT) Chamber of Commerce
Education	National Academy Foundation, For Inspiration & Recognition of Science & Technology (FIRST), Monroe Community College (NY), University of Rochester
Employee Benefits	American Benefits Council Employee Retirement Income Security Act (ERISA) Industry Committee Corporate Health Care Coalition
Environmental Management	ISO 14001 ISO 50001 Responsible Recyclers (R2) Certification for Electronics Recyclers
Export/Import	Transported Asset Protection Association (TAPA) Policy Tier 3 Member of U.S. Customs and Border Protection Customs-Trade Partnership Against Terrorism (C-TPAT); participant in E.U. Authorized Economic Operator (AEO) program
Government/Voluntary	U.S. EPA SmartWay Transport Partnership U.S. EPA WasteWise Conflict Free Sourcing Initiative (CFSI)

Policy and Advocacy	Business Roundtable
	Business Council of Canada
	Information Technology Industry Council (ITI)
	The Conference Board (U.S. and Canada)
	Digital Europe
	The Computing Technology Industry Association (CompTIA)
	National Association of Manufacturers
	U.S. Chamber of Commerce
Procurement	Tax Reform Coalition
Quality	Chartered Institute of Procurement and Strategy (CIPS)
	Responsible Minerals Initiative (RMI)
Risk Management	ISO 9001
	American National Standards Institute
Science and Technology	COSO (Committee of Sponsoring Organizations of the Treadway Commission)
Social Responsibility	Cornell Tech,
	Rochester Institute of Technology
	Business for Social Responsibility (BSR)
	Corporate Eco Forum
	Eco-Patent Commons
	Responsible Business Alliance
	Sustainable Electronics Recycling International (SERI)
	Industry of Supply Management (ISM)

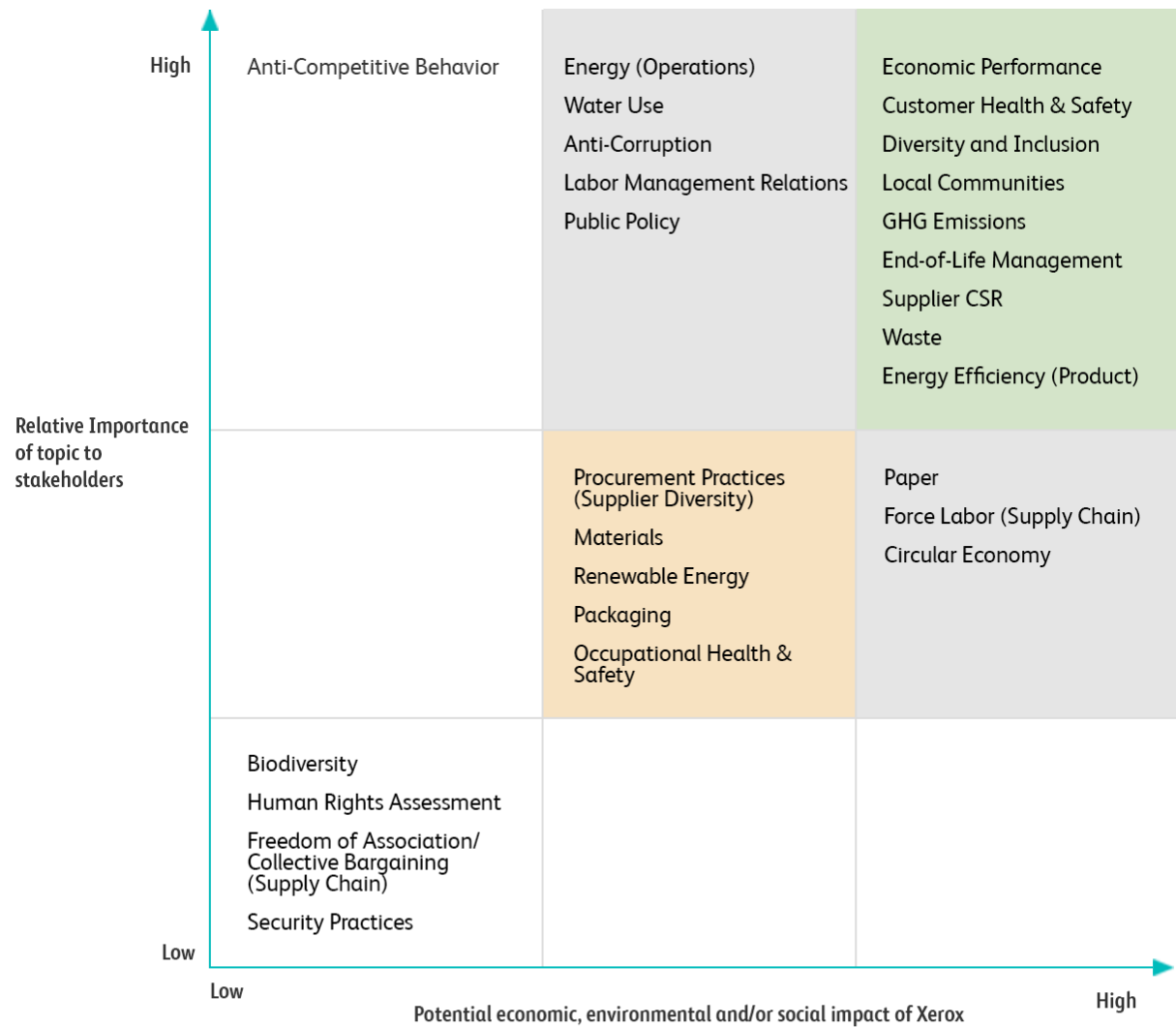
## Materiality

Annually, we assess the Corporate Social Responsibility (CSR) topics that are of importance to our stakeholders and those where we can have the greatest economic, social and environmental impacts at local, regional or global levels. We followed the protocol specified in the Standards of the Global Reporting Initiative (GRI). We examined changing external factors, including regulations and standards, social challenges people face around the world, our evolving business model and the environmental impact of our products, services, processes and operations. Our assessment included an array of fact-finding forums, including interviews and workshops with internal stakeholders and Xerox leaders. We reflected on discussions with external stakeholders, as well as feedback from our employees and concluded:

- Managing operations responsibly across our value chain — from decreasing environmental impact and protecting customer privacy to promoting diversity and ensuring ethical behavior — remains a priority.
- Product, service and operations-related opportunities, such as improving energy efficiency and expanding access to technology, represent the leading areas where we can create value for society and for our business. Enhancing health, safety and labor conditions in our global value chain is among the most important ways we can drive sustainable development.

The following schematic illustrates the results of our materiality assessment.

## Xerox CSR Materiality Matrix



Shading denotes degree of materiality:

Green Greatest

Grey Medium / High

Orange Medium

White Low

# Doing Good Business

## Ethics, Integrity and Human Rights

As a truly global enterprise, we understand that we have an obligation to play a larger role in the world. We lead by example, encouraging respect for human rights in our own company and through our business relationships. Every employee engagement, partner affiliation and customer touchpoint represents an opportunity for Xerox to exercise its commitment to human rights.

Our Code of Business Conduct supports the principles of the United Nations Universal Declaration of Human Rights. We make sure those standards are followed in our labor relations and employment practices, relationships with suppliers, risk management, internal audit systems and our approach to building business in emerging markets. Each year, Xerox employees are required to take refresher training and acknowledge their conformance with the Xerox Code of Conduct.

Xerox is a member of the Responsible Business Alliance (RBA), an organization that promotes a standards-based process for monitoring the social responsibility of suppliers. Through the RBA, we further our commitment to human rights in such areas as labor, health, safety and environmental activity.

See [Supplier Relations](#) for more information.

We also manage a comprehensive data privacy program. We take utmost care to preserve protection of customer and employee personally identifiable information.

See [Data Privacy](#) for more information.

A corporate-wide [global policy letter](#) serves as the foundation of our position on human rights.

## Business Ethics and Compliance Program

### New Office of Compliance

In 2017, the Xerox Office of Compliance was established to ensure sustainable compliance in response to constantly changing global regulatory requirements and guidance from the U.S. Department of Justice (DOJ) and U.S. Federal Acquisition Rules (FAR). Xerox operates in a global business environment and is expected to maintain an effective corporate compliance program that ensures compliance with a variety of global regulatory requirements, including the U.S. Foreign Corrupt Practices Act (FCPA), U.S. Sarbanes Oxley Act, U.K. Bribery Act, French Sapin II, Brazilian Clean Companies Act, E.U. General Data Protection Regulations (GDPR), and a range of Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) regulations around the world.

The Office of Compliance oversees and coordinates the work of the company's subject matter experts to ensure that the organization is in full statutory compliance with global rules and regulations related to all applicable laws in our industry as well as internal policies. The Office of Compliance also collaborates with other departments such as internal audit, corporate security, legal, human resources, government affairs and ethics to ensure sustainable corporate compliance.

The Office of Compliance is managed by the Compliance Leader who reports to the Vice President, Global Government Affairs, Sustainability, Citizenship and Compliance and the Executive Vice President, General Counsel and Secretary. The Compliance Leader acts as a liaison between the company and external, independent audit and compliance companies/contractors and advises and makes recommendations to the Office of General Counsel and management team regarding the state of statutory compliance at the company. The Compliance Leader prepares quarterly compliance updates for executive management and the Board of Directors. The Executive Vice President, General Counsel and Secretary reports directly to Xerox's Vice Chairman and Chief Executive Officer.

Xerox established a Chief Ethics Officer who reports to senior management and the Board of Directors. In addition, the Xerox Ethics and Compliance Governance Board integrates the Business Ethics and Compliance Program into worldwide business operations. The Ethics and Compliance Governance Board represents business and corporate organizations within Xerox and its subsidiaries and participates in quarterly meetings chaired by our Business Ethics Office.

Board members have the following duties within their area of responsibility:

- Establish a business ethics and compliance network.
- Implement ethics training and education programs.
- Ensure consistent enforcement of discipline policy.
- Ensure organization-specific policies are consistent with existing laws, the Xerox Code of Business Conduct and other company policies.
- Oversee and make recommendations for changes to Xerox policies, including the Business Ethics Office Charter.
- Evaluate ethics and business conduct issues and attest annually that organizational ethics and compliance programs are effective and all employees have completed required business conduct training and acknowledgements.

## **Code of Business Conduct**

Our Code of Business Conduct serves as the foundation of our Business Ethics and Compliance Program and our means to implement the Xerox Human Rights Policy. It embodies and reinforces our commitment to integrity and helps our people resolve ethics and compliance concerns consistent with our core values and legal and policy controls. Our Code of Business Conduct is available in 19 languages and accessible on our internal and external websites. The Code is aligned to our core values and covers policies and guidance on key topics, including sales and marketing activities, controllership, insider trading, bribery, non-discriminatory employment practices, privacy rights, human rights and environmental stewardship. It also specifies employees' obligations to report suspected ethical violations and reinforces our strong "no retaliation policy."

In addition to our global Code of Business Conduct, we have a supplemental code of conduct for finance employees and a specific code of conduct for the Board of Directors. Xerox uses the code of conduct of the Responsible Business Alliance (RBA) with its suppliers.

## **Communication and Training**

At the start of every year, our CEO distributes a message on business ethics to employees. All employees must complete ethics training annually and acknowledge that they have read the Code of Business Conduct. At the same time, officers and senior managers must certify their compliance with Xerox Code of Business Conduct and that they have processes in place to support the company's Business Ethics and Compliance Program.

We promote awareness of our Business Ethics and Compliance Program on our Ethics and Policies website and our intranet. Periodically, we send ethics surveys to employees in several countries to gauge the state of the company's ethical culture and help us focus on areas in need of improvement.

We provide a variety of channels for employees, suppliers and customers to report suspected ethical violations, including phone, web, email and postal mail. Our Ethics Helpline is available globally 24 hours a day, seven days a week, in multiple languages, via toll-free telephone numbers (see [www.xerox.com/ethics](http://www.xerox.com/ethics)) and our web reporting tool ([www.xeroxethicshelpline.com](http://www.xeroxethicshelpline.com)) also supports multiple languages. We have contracted with an independent third party that specializes in helpline reporting with immediate electronic transfer of all reports to our Business Ethics and Compliance Office for case management.

For some cases, the Business Ethics and Compliance Office provides guidance and takes immediate action; for others, including allegations of wrongdoing, an ethics investigation is required. The Office follows a formal, consistent method for assessing alleged violations and complaints and directs them to the appropriate functional areas for investigation, resolution and closure. Our Business Ethics Office Charter includes a “Worldwide Assignment of Responsibility Matrix for Handling Potential Ethics Violations and Associated Penalty Guidelines.” This tool includes a wide range of possible ethics and compliance violations within each category of our Code of Business Conduct. Ethics allegation matters substantiated, in whole or in part, result in disciplinary action either counseling, training, warning letter, job reassignment, financial penalty or, in some cases, dismissal from the company. In addition to disciplinary action, resolution of many cases also may involve changes in processes or policies to prevent future occurrences.

Our Business Ethics and Compliance Office tracks all cases from initial reporting to closure. Additionally, the Office reports quarterly case activity and trends to the Business Ethics and Compliance Governance Board and the Audit Committee of the Board of Directors, including the number of matters reported, case categories, outcomes and disciplinary action.

See [www.xerox.com/ethics](http://www.xerox.com/ethics) for additional information regarding Xerox’s Business Ethics and Compliance Program.

## Matters Reported to Business Ethics Office (BEO)

Matters Reported	2015	2016	2017
Human resources	60 %	61 %	42 %
Internal policy violations	3 %	3 %	6 %
Fraud	5 %	5 %	8 %
Misappropriation of assets	3 %	3 %	3 %
External relationships (customers, agents, vendors, etc.)	5 %	5 %	10 %
Conflict of interest	3 %	3 %	3 %
Confidential information	2 %	2 %	2 %
Accounting and financial reporting	2 %	2 %	7 %
Policy inquiries	7 %	8 %	6 %
Other	10 %	8 %	5 % <sup>1</sup>

<sup>1</sup>Note: Approximately 8 % of the total number of matters reported to BEO were redirected to Conduent Incorporated because the matter applied to Conduent employees, processes or facilities. Conduent was created following the separation of Xerox’s Business Process Outsourcing from its document technology business on December 31st, 2016.

## **Anti-Corruption**

Xerox operates an active and comprehensive anti-bribery and anti-corruption program that complies with all related laws and regulations. We have developed a global compliance program, supported by policy and training, to ensure zero tolerance for the giving or offering of a bribe of any amount or value, including so-called “facilitation payments.” The program also includes risk assessment of third-party intermediaries, followed by the application of appropriate due diligence, training and certification prior to engagement. We are committed to enhancing the program continually.

## **Banknote Anti-Counterfeiting**

The risk of banknote counterfeiting has increased with the quality of digital imaging tools and color printing technology. In response, we have joined other companies, the U.S. Secret Service and the Central Bank Counterfeit Deterrence Group (a consortium of 32 central banks and note printing authorities) to assess threats to currency and support the use of anti-counterfeiting technologies. Technology to deter the use of digital equipment for counterfeiting banknotes is being standardized. Xerox sales and service employees are trained to respond to inquiries about our anti-counterfeiting efforts.

## **Black Market Supplies**

Every year, the global imaging industry — and the customers who use its products and services — suffer the loss of millions of dollars due to counterfeiting or theft of supplies. We continually remind our customers that counterfeit supplies can result in poor equipment performance, low supply yields, inferior print quality, toner leakage, increased failure rates and equipment downtime — all of which can cost time and money. To avoid this risk, we advise our customers to purchase solely from Xerox Authorized Resellers. We work closely with our Procurement Department to call attention to “blending” of supplies — the mixing of counterfeit with original materials to achieve lower pricing and make detection of counterfeit items more difficult.

Theft of customer supplies represents an increasingly costly problem for Xerox and its customers. It is difficult to prevent because web-based sales channels make it easy to purchase stolen products and then to sell them. We continue to invest in technology and resources to bring the problem to the attention of customers and to identify their obligation to maintain the security of supplies (contracted and purchases). Through engagement and support of our customers and local law enforcement agencies, we also provide tracing of stolen goods to identify and close the sources of theft.

Xerox is leading the charge against counterfeiting and other black market activities, independently and in collaboration with other original equipment manufacturers (OEMs). To combat acts of piracy and fraud, our security team routinely works with the U.S. Federal Bureau of Investigation, attorneys general offices, the Postal Inspector’s office and other global law enforcement agencies. In addition, we are a member of the Imaging Supplies Coalition (ISC), a trade association that serves to heighten customer awareness of black-market activities. Wholesalers, dealers and consumers may submit questionable goods to the ISC for authentication by the manufacturer.

For more information, visit [www.isc-inc.org](http://www.isc-inc.org).

# Public Policy Engagement

Xerox has a longstanding tradition of civic engagement. Our involvement in the political process and global public policy debates is a natural extension of our core values. We work with governments, others in our industry, and the broader business community to advocate for public policies that are consistent with our business objectives.

Xerox's Office of Global Government Affairs coordinates and oversees all policy-based interactions with governments and governmental organizations across the nation and around the world. We engage on issues that range from corporate governance, trade, employee benefits and tax policy to regulatory compliance, intellectual property and government procurement.

## International Trade

We support open markets and free trade. International trade is a powerful engine of global economic development that fosters job growth, improved living conditions, and opportunities around the world. We support government-to-government negotiations aimed at liberalizing trading rules and opening markets, both on a bilateral and multinational basis. Open markets offer important opportunities to showcase our products, services, and business solutions to new customers.

## Corporate Taxation

As a global enterprise, we comply with the tax laws and regulations in all 160-plus countries where we operate. For more detail on the taxes we pay, please see our [2017 Annual Report](#). In the United States, corporate tax reform has been a top priority of Xerox for many years, as the U.S. tax code became out of sync with other nations. Xerox continues to prioritize appropriate implementation of the 2017 tax reform legislation.

## Education

Xerox has had a longstanding tradition of supporting efforts aimed at ensuring American students graduating from high school and college have the necessary skills to compete. We are particularly passionate about programs that further American students' access to science, technology, engineering and math (STEM) curricula. These efforts help Xerox recruit and retain a skilled workforce and allow us to compete globally. We have worked with Congress and several Administrations to reform higher education programs, vocational education funding and K–12 standards.

## Intellectual Property

As a participant in the Coalition Against Counterfeiting and Piracy, we play an active role in combating theft of intellectual property by counterfeiters who manufacture "knock-off" products. We also strongly support changes in the law that would reduce the impact of frivolous intellectual property litigation that imposes unnecessary costs on innovative companies.

## Environment

Our Environment, Health, Safety and Sustainability governance policy, adopted in 1991, forms the foundation of our environmental leadership program. We are committed to designing, manufacturing, distributing, and marketing products and processes to optimize resource utilization and minimize environmental impact. Global Government Affairs is working on the Energy Star 3.0 to ensure maximum compliance upon implementation.



## State Legislation

Xerox promotes policy positions that make Information Technology (IT) more effective in supporting state and local government missions, improve government technology acquisition processes, maximize the positive financial impact of IT investments, and create better outcomes for Americans served by state and local government agencies and programs. Our Office of Global Government Affairs has an established network of state and local government consultants whose responsibilities include monitoring legislation and policies that would impact our various government lines of business.

## Retirement Policy

We believe policymakers should foster a legal and economic framework that encourages employers to provide high-quality retirement security options to their employees. We take our commitment to our employees, both current and retired, very seriously, and our Office of Global Government Affairs works closely with the U.S. Congress and the Administration to formulate policies that allow us to meet this obligation.

## Healthcare

Xerox advocates for policies that allow for sustainable, high-quality healthcare systems that are more accessible, less costly and more patient-centered. We will continue to work to address the many obstacles — regulatory mandates, inaccessible data, inefficient processes, incomprehensible billing and ever-rising costs — that undermine our ability to provide quality healthcare coverage for our employees.

## Professional Organizations and Associations

Trade associations around the world play an important role in assisting our company with business development opportunities and citizenship activities, as well as in helping us meet certain public policy objectives. We are a member of a wide array of trade associations. Any trade association dues, or portions thereof, that are not deductible for tax purposes are reported in our [lobbying disclosure reports](#). Our senior managers play a leadership role in a number of these organizations, including the Business Roundtable and the U.S. Chamber of Commerce. These organizations develop and promote public policies that are considered important to our public policy interests and operations.

While we prefer to make political expenditures directly rather than through professional organizations and associations, Xerox, like all major corporations, is a member of various 501(c) organizations that may engage in political activities. While we may not necessarily agree with every position taken by each organization to which we contribute, we determine that the intended use is consistent with our mission and core values before donating to any such group. We inquire and make a reasonable effort to obtain from those associations a determination of the portion of the dues or payments that are used for lobbying expenditures or political contributions. To the extent it is reported to us, we disclose the non-deductible portion of our contributions annually.

The Xerox Code of Business Conduct contains explicit information on our policies governing contact with elected and appointed government officials and agencies, as well as lobbying and political contributions. All Xerox employees are required to participate in annual training on the Code of Business Conduct and must certify adherence to the Code upon the conclusion of the course.

## Employee Personal Political Contributions

While we encourage our people to participate in community and political activities, we do not endorse any organization or activity in which employees choose to participate; and, we do not discriminate in favor of or against employees based on the organizations they choose to support. Employees are not reimbursed directly or through increases in compensation for their personal political contributions and expenses.

## **Xerox Corporate Political Contributions**

We have a long-standing policy that nothing of value may be given, paid, promised or offered — directly or indirectly — from corporate treasury funds for any of the following: (1) political party, committee and/or candidate for any federal, state or local government office anywhere around the world; (2) independent expenditure or ballot measure committees; (3) electioneering communications; or (4) candidates for judicial office.

We have an established policy that does not permit any in-kind political contributions. The only authorized method to make political contributions on behalf of Xerox is through the Xerox Corporation Political Action Committee (XPAC).

The XPAC guidelines used as a basis for supporting candidates and elected officials include:

- The integrity and character of the candidate
- The candidate's position on significant policy issues of importance to our company
- The candidate's overall support for our company and industry
- The candidate's overall support for the free enterprise system and U.S. competitiveness
- A demonstrated willingness on the part of the candidate to work with our company and industry to achieve responsible public policy solutions
- The candidate's representation of a state or district in which our company has significant employees or facilities
- Whether the candidate holds a leadership position within their political party
- The candidate's electability
- Permissibility under applicable law

In addition, XPAC focuses on contributions that go directly to candidates for office; special exceptions are required for:

- Out-of-election-cycle contributions
- Contributions to leadership PACs
- Contributions to trade association PACs
- Contributions to ballot measure committees
- Contributions to political parties

XPAC does not permit contributions for:

- Independent expenditure committees
- Electioneering communications
- Candidates for judicial office
- Presidential candidates

XPAC discloses all contributions made and received on reports filed with the Federal Election Commission and the various state and local campaign finance commissions, as required by law. In accordance with XPAC's Articles of Organization, an audit of the accounting books of the XPAC are performed at least once during every two-year election cycle to assure compliance with the Federal Election Campaign Act of 1971, as amended, and its regulations and all other applicable laws.

We use outside legal experts to provide periodic oversight of the company's political activities.

## **XPAC Oversight**

The Corporate Governance Committee of the Xerox Board of Directors is responsible for overseeing the company's political and charitable contributions and receives annual reports on XPAC activities.

The Vice President, Global Government Affairs, Sustainability and Citizenship is responsible for the management of Xerox's participation in the political process. This position reports directly to our Executive Vice President, General Counsel and Corporate Secretary, who reports to the company Chairman and Chief Executive Officer.

XPAC is led by a Board of Trustees, which includes a cross-section of managers from Xerox who represent their unique business unit and geographic areas. A Contributions Committee appointed by the XPAC Chairman and consisting of five members is responsible for selecting by majority vote the candidates to receive a contribution from XPAC. Our General Counsel, the Vice President of Global Government Affairs, Sustainability and Citizenship and the Manager, Global Government Affairs oversee all spending.

## **The Xerox Board of Trustees hold the following positions within Xerox:**

Manager, Global Government Affairs  
Senior Vice President, U.S. Federal Market  
SVP, Acquisitions, Corporate Service and Marketing at Global Imaging Systems  
Vice President, Public Sector  
Vice President, Worldwide Taxes  
VP of Global Government Affairs, Sustainability and Citizenship

Xerox contributions and other spending in 2017 are itemized below:

- Lobbying, interest representation or similar = \$579,448
- Local, regional or national political campaigns/organizations/candidates = \$22,500
- Trade Associations or tax exempt groups = \$80,208
- Other (spending related to ballot measures or referendums) = \$685,658
- Total = \$1,367,814

## **Risk Management**

With global leadership comes global responsibility – not only to our people and shareholders, but also to the suppliers, distributors and citizens of the countries where we operate. That's why we devote considerable resources toward Enterprise Risk Management (ERM), anticipating and mitigating risks to the financial and operational health of our business.

ERM follows a clearly defined business strategy that is shared across the company and aligned with our strategic and organizational goals. Our ERM process is based on the COSO II (Committee of Sponsoring Organizations of the Treadway Commission) framework. We assess business risk based on the risk of failing to attain our strategic objectives. Steering committee members meet monthly to assess emerging risks, risk appetite and occurrence probability. The committee also monitors action plans put in place to mitigate risk at the enterprise level. ERM assessments are coordinated with our Internal Audit Risk Assessment to ensure consistency between the ERM plans and upcoming internal audits.

Several executive committees integrate ERM with business management by monitoring both risk exposure and how effectively those risks are managed.

These committees include:

- Management Committee
- Enterprise Risk Management Steering Committee
- Business Ethics and Compliance Governance Board
- IT Risk Governance Board
- Credit Committee
- Currency Strategy Committee
- Reputation Management Committee
- Management Audit Committees

In addition, the Audit Committee of the Board of Directors plays a key role in ERM oversight, while the roles of other committees (including Compensation, Governance, and Finance) are restricted in scope. As needed, the Board will establish special committees to focus on specific business risks.

## **Business Continuity**

We respond to major events that could disrupt our business operations or those of our customers with comprehensive business continuity action plans. Major events may include natural disasters and pandemics. Our plans are designed to minimize adverse effects to our people, customers, shareholders, suppliers and assets. They are documented and communicated across all business units and tested annually to ensure rapid and effective response

Xerox is a leader in telecommuting practices. When weather, power outages or other work disruptions affect specific geographic areas, we often are able to continue our high level of service by redirecting the affected activities to employees and/or systems in other locations.

As an example, severe winter weather forced the closure of our American Logistics Center for parts and supplies. In accordance with our business continuity action plan, we routed requests to distribution centers throughout the U.S. and set up regional locations to fulfill the requests. In doing so, we protected our people and assets while meeting our customers' needs.

Safety always is our top concern. Often, local customers experience the same work interruptions; that is why communicating with clients and other stakeholders is paramount.

Our Business Continuity Program Office is responsible for the business continuity assurance process. All Xerox organizations assess their plans against a standard set of criteria and report the status during operational reviews.

# Innovation for Sustainable Products and Services

We are constantly thinking about how we can simplify work, deliver more personalized experiences, improve productivity through new technologies that connect the physical and digital worlds without adversely affecting the environment, human health and safety. The design of our products and solutions consider environmental priorities; it's better for our customers, our business and the environment.

Our mission and heritage to help our customers be more successful has led us on a journey in innovating how the world communicates, connects, and works.

Samples of our work:

- Xerox's ConnectKey™ app ecosystem: this platform enables a high degree of personalization and automates frequent actions such as scan to Dropbox, or translating a document into another language through the EZ Translator app.
- Charter partner of the U.S. Environmental Protection Agency (EPA) ENERGY STAR® program: 100 percent of all new eligible Xerox products meet ENERGY STAR® 2.0 requirements for Imaging Equipment.
- "You print one, we'll plant one": through a partnership with PrintReleaf, Xerox customers can reduce their overall environmental footprint and help global reforestation.

## Innovative Solutions

### Customer-led Innovation

At Xerox, we view our customers as partners in innovation. Going beyond user studies, we engage our customers in innovation workshops to explore the future of the customer's business and identify new opportunities to apply our technologies to solve problems or create new products and services. For example, we have a deep competency in printed and hybrid electronics that enable us to create new types of low-cost sensors and smart tags that enable interactive and smart packaging. We engage customers and partners across a range of industries to explore applications ranging from personalized packages to supply chain monitoring, followed by validating the value proposition before moving to commercialization. We are using this collaborative, agile innovation approach to explore new adjacent markets in digital printing from digital packaging to industrial printing.

### Digital Transformation

Another focus area of innovation is in digital transformation to enable the agile workplace of the future. Along with our customers, we are seeing rapid changes in consumer and employee expectations due to digital technologies that have transformed every industry. Given the high degree of uncertainty in our world, the most valuable trait of any company going forward will be agility — not only to respond quickly to changes but also to create new markets and business models.

Building upon our expertise and analytical insights from working with our customers, we are investing in innovation to help our customers become more agile. We are going beyond the automation of predictable workflows in back-office processes to delivering automation and intelligent assistance to knowledge workers in their more variable work. Similar to our innovation efforts around digital printing, we are using a highly collaborative co-innovation process with our customers to ensure that our new offerings in this space are both useful and easy to use.

## Workplace Assistants and Apps

Xerox's line of multi-function devices composed of the VersaLink™ and AltaLink™ product families contain so much more intelligence that we call them "workplace assistants." Not only are they secure and reliable, but they also come with apps that enable a high degree of personalization and automated workflows. Similar to how we use apps on our smartphones, Xerox's ConnectKey app ecosystem automates frequent actions such as scanning to Dropbox, or translating a document into another language through the EZ Translator app. Other apps are targeted at specific industries such as a secure document transfer app for the healthcare industry to send patient information with a much higher degree of security than faxing. We have also given our partners the ability to create their own custom apps for their customers.

Users easily access these apps from the multi-touch displays on the VersaLink and AltaLink products, in a consistent way across the full range. We invested significant time in user research and iterative design to make sure that the user interface was easy to use. As part of our innovation process, we use ethnography, or the observation of people in their natural work environments, to gain deeper insights into user needs and pain points than what can normally be obtained through traditional market research techniques.

## Reducing Environmental Impacts Through Our Technology Innovation

### Product Design

Xerox has long incorporated environmental considerations into product design. Internal processes ensure that product design teams are informed about regulatory and market driven changes affected by product design. These processes ensure that product design teams are able to incorporate timely environmental and product safety considerations. Scientists in our materials research group evaluate aspects of safety, energy, materials and sustainability to continually improve our products.

We solicit feedback from clients and other stakeholders and take a forward-looking view of global trends in technology, regulations and eco-labels. We've developed a comprehensive sustainability program based on global standards and quantitative analysis.

### Standards

Our product standards encompass the following: energy efficiency, chemical management, packaging, parts reuse and recycling, electrical and mechanical safety, ergonomics, electromagnetic emissions, noise, fire resistance and materials safety. Xerox business teams and our Environmental Health, Safety & Sustainability (EHS&S) organization review our products at each stage of the development process for conformance with environmental, health and safety standards, which is a requirement for the introduction of any product. All Xerox standards ensure our products have the appropriate labels and information needed to meet all safety and environmental label requirements to keep our customers appropriately informed. All products meet required industry labeling standards for each market.

### Lifecycle Assessment

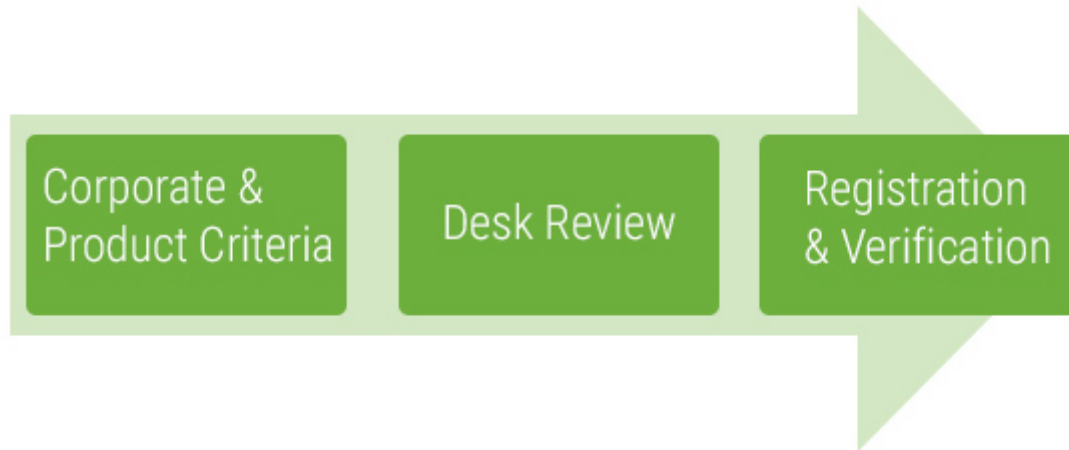
Xerox integrates lifecycle thinking into our product and service development activities as well as our innovation activities. Lifecycle Assessments (LCAs) are a means of technically evaluating the environmental impact of a product's materials, manufacturing, distribution, use and end-of-life. We conduct full LCAs — in accordance with the appropriate ISO standards — to determine where in the product lifecycle the largest environmental impacts arise and to compare products with a significant difference in technology. Full peer-reviewed LCAs have been performed on our AltaLink and VersaLink devices, solid ink products (8860, 8870, 8700 and ColorQube 9200 series) and many of our other laser technology devices (WorkCentre 5325/30/35, WorkCentre 5945/55 and Phaser 7100). These LCAs

directly contribute to our achieving the Electronic Products Environmental Assessment Tool® (EPEAT®) Gold certification for these configurations. We encourage our customers to learn more about how their printing behavior affects the overall carbon footprint of their organization from a lifecycle perspective.

## EPEAT®

For office products and light production equipment, Xerox uses EPEAT® as the foundation of our Design for Environment program. EPEAT® is composed of criteria spanning corporate and product requirements (50+ requirements for imaging equipment). When a company and product meets these criteria, it must pass a third-party desk review.

### EPEAT® Product Registration Process



EPEAT® product criteria combine comprehensive requirements for design, production, energy use and recycling with ongoing independent verification of manufacturer claims. EPEAT® criteria reflect several categories of environmental attributes that span the lifecycle of electronic products: material selection, design for end-of-life, product longevity/life extension, energy conservation, end-of-life management, corporate performance, packaging, consumables and indoor air quality. Xerox continues to support EPEAT® initiatives, aids in the success of the program moving forward and supports the program's global expansion. Since 2014, Xerox has committed to launching all new eligible office products with EPEAT® Silver or Gold certification. For example, all new VersaLink and AltaLink products are EPEAT® Silver or Gold as we continue to design our products with the environment in mind. Xerox is the only company to claim all eight EPEAT® corporate optional criteria.

Learn more about the EPEAT® program and view current Xerox eco-label registered products [here](#).

## ENERGY STAR®

More than 10 years before the inception of the U.S. EPA ENERGY STAR® Office Equipment program, Xerox introduced the first imaging product with an automatic power-down mode. Since joining with the EPA as a Charter Partner in 1993, we continue to introduce copier, printer, fax and multifunction products that have earned ENERGY STAR® status, even as the certification criteria have grown more stringent.

In 2017, 100 percent of all our new eligible product introductions achieved ENERGY STAR®. This continued success in cutting the power consumption of our laser-based printing products has been achieved by adjustments in the fuser design, changes to the properties of the toner, more efficient electronic controls and the workings of the xerographic system as a whole.

The ENERGY STAR® program, as noted, introduces progressively more stringent requirements over time. The most recent revision went into effect on January 1, 2014. While the standard was challenging to meet, our goal remains to have 100 percent of our new eligible products achieve this label. Xerox and

other industry members are working with the EPA to establish the next set of requirements, which will be ENERGY STAR® Imaging Equipment 3.0. Xerox will continue to design products to meet these new targets in the coming years. These energy requirements serve as the foundation for other eco-labels, such as EPEAT® and Blue Angel, and show our ongoing commitment to reduce product energy consumption.

## Paper

We recognize our obligation to responsibly source paper and enable efficient paper use. Our long-term goal is to support a sustainable paper cycle and minimize environmental impacts while meeting our customers' exacting business needs.

In 2013, Domtar signed an agreement with Xerox for the acquisition of the Xerox paper and media products business in the U.S. and Canada. This deal gives Domtar exclusive rights for the marketing and distribution of Xerox brand paper and print media. [Read more](#) about Domtar and sustainability. The same year, Xerox's paper business in Western Europe was sold to Antalis. [Read more](#) about Antalis's sustainability charter.

Xerox maintains the paper business in its Developing Market Operations. We apply stringent paper sourcing guidelines for companies that provide paper to Xerox for resale. The requirements cover all aspects of papermaking, from forest management to production of finished goods. We supply papers that comply with sustainable forest management standards, including Forest Stewardship Council (FSC) and Program for the Endorsement of Forest Certification (PEFC). FSC-certified papers use raw materials from an FSC-certified source, controlled wood sources or post-consumer reclaimed sources.

## Reducing Environmental Impacts Through Packaging and Distribution

### Sustainable Packaging

Packaging and distribution are integral parts of our product commercialization process. We strive to eliminate, reduce, reuse and recycle packaging whenever feasible. Product teams actively seek out more environmentally responsible packaging alternatives. We also require packaging suppliers to comply with bans and restrictions for a variety of chemicals. We document our expectations in our Environment, Health and Safety Requirements for Packaging Standard — EHS-710, and our General Packaging Standard — 88P311. Our commercial equipment is designed and tested extensively to be shipped with minimal required packaging. Eliminating or reducing packaging wherever feasible, conserves natural resources and decreases fuel use for distribution. Doing so represents a sustainability win for business and the environment.

We also offer the Xerox® Automated Packaging Solution. This system uses the latest in document technology to print, finish and cut customized folding cartons in short runs. By creating packaging quickly and cost effectively, this tool enhances material efficiencies as well as decreases obsolescence through customized boxes and containers. Automated packaging reduces financial and environmental costs associated with warehousing, storage and disposal. It also proves an advantage for focused marketing campaigns and rapidly changing competitive markets.

A few examples that illustrate our commitment to sustainability in this area:

### Corrugated Packaging — Enabling a Circular Economy

Corrugated packaging material is marked so that customers can easily identify it as recyclable. When Xerox installs a product or part, we ensure that all packaging material is taken away from the customer site and is responsibly managed. Corrugated packaging material in particular has a high recycle and



reuse rate globally. By recycling corrugated material, Xerox helps decrease solid waste in landfills and also provides a reusable material for making new paper products. Our corrugated packaging material is made from this recycled content, thus enabling a circular economy.

## **Developer Housing Assembly – Converting to the Use of Molded Pulp**

For many years our principal supplier shipped housing assemblies to us packed in foam. We moved production to the U.S. and redesigned the packaging to take advantage of readily recyclable molded pulp solutions.

Expanded polystyrene end caps, weighing 68 grams each and measuring 5 inches in length, 6.5 inches in width and 6 inches in height per side were replaced with molded pulp end caps. The result was a decrease in our material footprint large enough to increase the amount of product load from 77 units per pallet to 144, a gain of 87 percent. This eliminated 4,800 kilograms (10,575 lbs.) and 8,559 cubic feet of foam annually; it also reduced costs and conserved natural resources.

## **Xerox Replacement Cartridges (XRC) – Reducing Solid Waste**

For XRC products, Xerox packaging engineers replaced hot wire expanded polystyrene end caps with inflatable air bags. Upon receipt of the package, the air bags are easily deflated, producing far less solid waste by mass and cubic volume compared to polystyrene; and this change is an environmentally preferable alternative.

# Enabling Environmental Sustainability Through Our Services and Solutions

## **Managed Print Services Approach**

Using the full suite of Managed Print Service (MPS) tools, we work with customers to improve the efficiency of office document management by assessing printing needs and developing solutions. Using this approach, customers can better achieve these goals:

**Energy and Greenhouse Gas Reduction:** Print asset optimization and updates improve energy consumption, reduce greenhouse gas impact, and reduce waste materials.

**Reduced Paper Usage:** Using both print authentication and authorization, along with gamification techniques, print behaviors can be changed to reduce unnecessary prints.

**Reduce Waste:** Newer, more sustainable print technologies and consumables drastically reduce the amount of waste generated from printing practices.

**Digital Transformation:** Other paper reductions comes from adoption of digital workflows integrated with Enterprise Content Management (ECM), and other digital alternatives.

## **Xerox ConnectKey™**

Xerox ConnectKey™ is a software solution that enables information to be moved to and from the cloud without the security risks that commonly exist. Cloud computing is an alternative to large data centers and is being recognized worldwide as less energy intensive than data centers while generating fewer GHG emissions. In addition, Xerox ConnectKey™ in combination with power management software enables energy management by allowing for the control, management and reporting of a device's power consumption and the setting of power states and timeout intervals.

## Effective Print Management

Our equipment and software is designed to help customers operate efficiently. The “earth smart” feature, integrated into the Xerox global print driver, brings several resource-saving settings together at the single click of a button. These features, such as duplex (two-sided printing), n-up (multiple pages per sheet), proof print and toner saving modes make it easier for customers to make responsible print choices. Our Xerox Enterprise Print Services customers have access to sophisticated print management and reporting tools, such as Xerox Print Agent, which provides additional methods of encouraging and tracking responsible print behavior. Software products such as DocuShare® and FreeFlow® Digital Workflow Collection help Xerox customers reduce paper consumption by facilitating electronic data management, scan to email, print-on-demand and distribute-then-print workflows.

Xerox also explores creative ways to engage employees in the sustainability effort. With innovations such as Xerox Workplace Solutions and the Xerox® Print Awareness Tool, clients can take advantage of a unique managed print service approach to sustainability management and reducing print volumes. By using the Print Awareness Tool, users have access to an easy to use, interactive print gamification dashboard. Users can see their print usage, review their progress toward company print and sustainability goals, and learn of available steps to improve. Through each user's contribution to improvement, customers get one step closer to decreasing overall print costs and achieving corporate social responsibility and sustainability goals. Xerox CompleteView™ Pro, another tool in the managed print service portfolio, continues to provide customers with a sustainability analysis documenting the environmental impact of print output such as power consumption and CO<sub>2</sub> emissions by device and site.

Learn more at [managed print services](#).

## Offsetting Environmental Impacts

In 2018, Xerox introduced new global reforestation services available to complement our clients' managed print operations. Through partnership with [PrintReleaf](#), Xerox customers have the opportunity to contribute to the reforestation of global forests and reduce their overall sustainability footprint. Based on a theme of “You print one, we'll plant one,” paper usage reporting is used to equate the number of trees that are reforested into geographic areas of need.

Xerox has long been a leader in sustainability and continuously finds ways to innovate and drive results for our clients and our own business. By subscribing to PrintReleaf reforestation services for our own internal Xerox office print volume, we continue to drive sustainability benefits in our business practices, products and solutions.

# Striving for a Circular Economy

## Our Commitment

Beginning with our first commercial product, the Xerox 914, Xerox introduced electronics remanufacturing long before the term “circular economy” was coined. Our vision was to transform Xerox manufacturing, operations, offices and facilities into waste-free workplaces. We had this same vision for our customers’ workplaces: a world where electronics and supplies at the end of their useful life would come full circle to become the raw materials of tomorrow. In this model, quality is not compromised, precious natural resources are conserved and waste becomes an obsolete term. More than five decades later, we continue to demonstrate that a circular economy delivers environmental, economic and societal benefits.

Our aim is to design products, packaging and supplies that make efficient use of resources, minimize waste, reuse material where feasible and recycle what cannot be reused. To meet this commitment, we developed several collection, waste reduction, design and business model programs in line with the key elements of a circular economy.

**Using Waste as a Resource** - The Xerox Green World Alliance (GWA) provides a collection and reuse/recycling program for spent consumables. The Xerox Product Takeback and Recycling Program efficiently manages equipment at end-of-life, thereby diverting material from the landfill and reducing the demand for raw materials.

**Design for the Future** - Ensures that our products and packaging placed on the market today can ultimately be reused, fit end-of-life management processes and meet customer needs in the future. Our packaging design goes beyond regulatory requirements by prioritizing a “reduce, reuse, recycle” strategy.

**Adaptive Business Model** - Xerox has an adaptive, leased product business model through which we can guarantee 100 percent of the equipment is returned for optimized end-of-life processing. This model also ensures our design process prioritizes equipment longevity, reuse and allows for ultimate recycling.

Our approach to the circular economy translates into significant environmental and financial benefits for Xerox and our customers.

Learn more about how Xerox enables a circular economy [here](#).

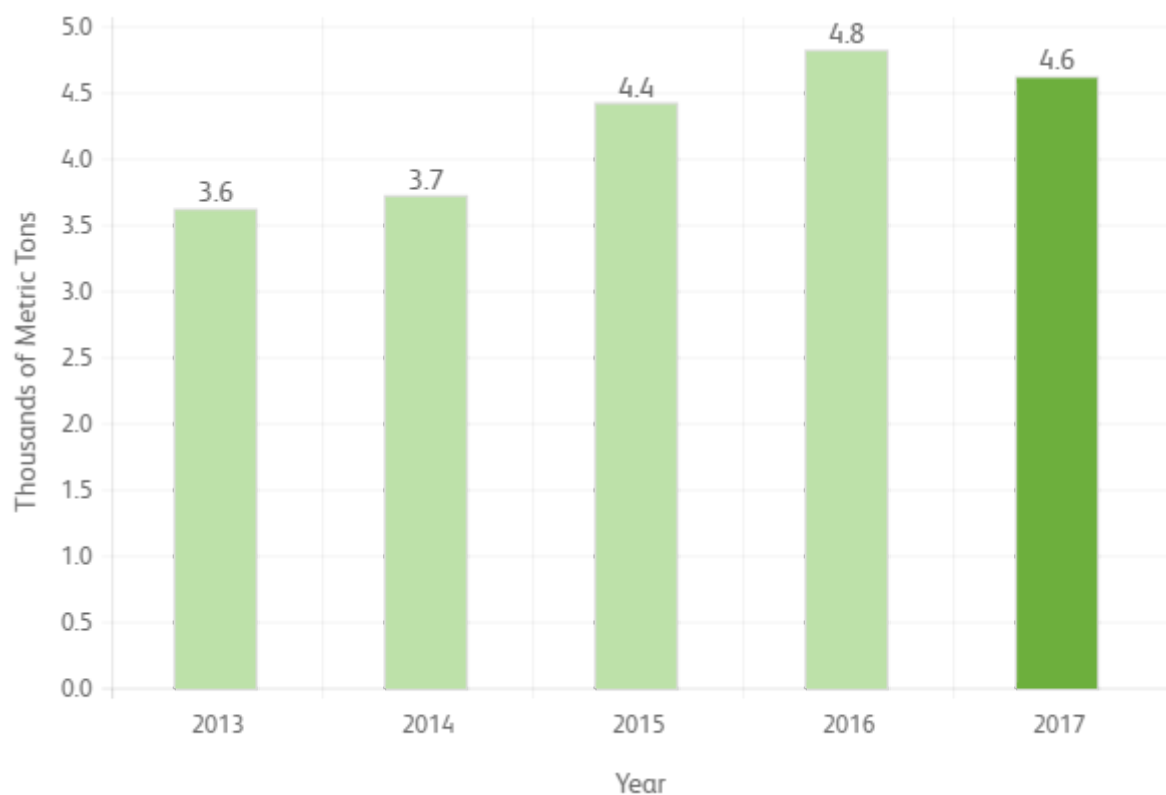
## Consumables Takeback and Recycling

Our GWA initiative, as noted, is a collection and reuse/recycling program for customers for their used imaging supplies. GWA is central to our commitment to waste-free products. Currently, more than 35 countries participate in the Xerox GWA. Worldwide, our customers returned more than 4.8 million cartridges, toner containers and other used supply items in 2017, equating to 4,600 metric tons.

Returned products are sorted, and items suitable for remanufacturing are cleaned, inspected and then remanufactured. Remanufactured consumables, containing an average of 90 percent reused/recycled parts, are built and tested to the same performance specifications as new products. Items that are not suitable for remanufacturing are recycled or recovered through energy from waste. Recycled waste toner and toner reclaimed from manufacturing that qualifies for reuse may account for 25 percent of the weight of new toner, without compromising toner functionality. Reusing waste/reclaimed toner saves

several million dollars in raw material costs each year. Of the toner that cannot be reclaimed, 75 percent is recycled by our consumables recycling partner while the remaining volume is utilized at energy from waste facilities to generate steam and electricity.

## Total Waste Diverted from Landfills from Returned Cartridges, Bottles and Waste Toner



## Equipment and Parts Takeback and Recycling

We have developed a comprehensive system for taking back end-of-life products, which processes assets through remanufacture, refurbish, parts reuse, recycling or broker sales, each of which fully supports our waste-free initiatives.

We design our machines with high durability and reuse capability in order to facilitate multiple product lifecycles. During the active phase of a product, all returned equipment and spare parts are evaluated for reuse opportunities throughout the supply chain. Finally, all parts and equipment that are not destined for reuse have specific guidelines, which facilitate easy and consistent recycling.

Xerox enables reuse according to the following principles:

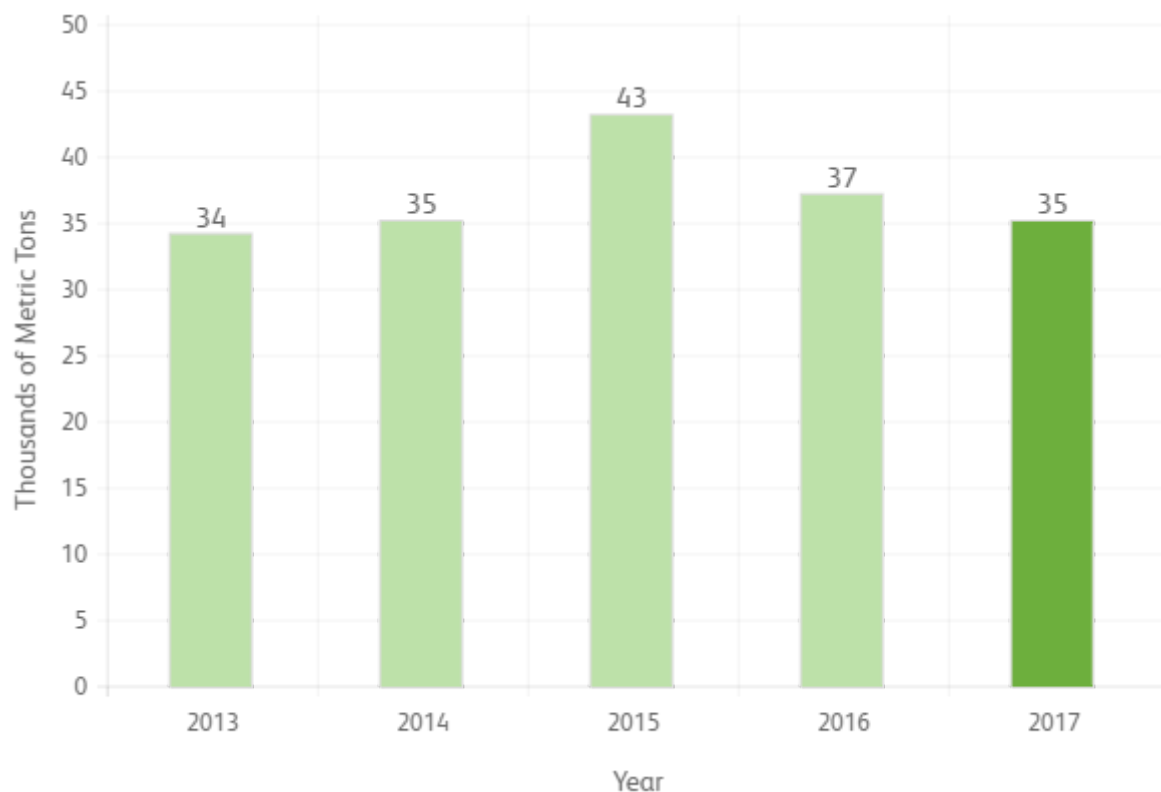
- **Reuse of Complete End Item** - This approach requires the least reprocessing, transportation and energy usage.
- **Remanufacturing or Conversion into a Newer-Generation Product or Part** - Product families are designed with a high level of commonality to enable maximum reuse. This allows us to remanufacture to “as new” performance specifications while reusing 70 to 90 percent of the machine components by weight without degradation of quality or performance.
- **Used Equipment** - Equipment returns are evaluated for potential reuse. Based on the condition and market demands, equipment may be put through an extended maintenance/verification process to return it to a high standard and then be redeployed. Approximately 50 percent of machines returned in the U.S. are given new life by being sold as used or sent for remanufacturing of some sort.

- **Reuse of Major Modules, Subcomponents and Parts for Spares or Manufacturing** - Many of our machines that have outlived their useful life are stripped of usable parts and components prior to the scrap/reclaim process. Used spare parts returned from the field are also included in this reuse stream. Xerox has continually been increasing the number of components that are reused in upstream and downstream processes after the original machine has been designated for recycling.
- **Material Recycling** - After the processes noted above have been followed, any remaining portion of a machine is stripped of any recyclable material (e.g., plastics, copper wire) and material requiring special disposal services, such as printed wire boards, batteries and lamps. The remainder of the machine is then sent to an industrial reclaim facility.
- **Post-Consumer Recycled Plastic Content** - All Xerox products contain between zero percent to five percent post-consumer recycled plastic content.

Changes in volumes of waste diverted from landfills are due in part to increases in product and part reuse opportunities, modifications in product mix, a move to lighter-weight machines as well as growth of regulatory-driven local recycling schemes. For example, the transition to digital equipment and lighter-weight parts has reduced the weight of both office and production equipment by as much as 50 percent over the last 10 years. The decline also includes a decrease in the number of office machines returned for remanufacturing in Europe due to participation in European Union member state Waste Electrical and Electronic Equipment (WEEE) programs. In geographies where Xerox exercises direct control over the end-of-life management of equipment, return rates are high. For example, approximately 57 percent of all U.S. equipment installs are ultimately returned to Xerox for end-of-life disposition, a figure that rises to 100 percent for leased equipment.

In 2017, 9,200 metric tons of equipment and parts related waste were diverted from landfills to recycling at our U.S. Reverse Logistics Center. Globally, that volume rises to 9,400 metric tons.

## Total Waste Diverted from Landfills from Returned Equipment and Parts



## **E-Waste**

While Xerox has long been committed to responsible end-of-life management of equipment, the proliferation of e-waste regulations has created a need for multiple programs in different countries and even states. We carefully manage suppliers that provide recycling and waste disposal services to ensure our customers' returned equipment is protected from data breaches and improper disposal. Xerox does not allow its vendors to send electronic scrap to developing nations for processing. In addition, we strive to work with only those electronic waste recyclers that have implemented voluntary programs certified by accredited organizations including Sustainable Electronics Recycling International's (SERI) Responsible Recyclers (R2) or the Basal Action Network's e-Stewards standards.

# Responsible Operations

## Reducing our Company-wide Environmental Footprint

With goals to reduce environmental impacts across our value chain, we invest in innovative solutions that can conserve natural resources and lower the energy intensity of our operations. A few examples of our most recent successes include:

- Water recycling project, which uses reverse osmosis reject water for secondary use. This project was implemented in mid-2016 and recycled more than 300,000 gallons (1.14 million liters) of reject water in 2017.
- Energy management and equipment upgrades such as utilizing outdoor heat exchange systems to cool process water in winter months (rather than powered industrial chillers) and replacing outdated heating and cooling systems with energy-efficient and digitally-controlled models.
- Efficiency-promoting initiatives including purchasing energy-efficient lighting and vehicles, reducing packaging sizes, mileage tracking and route improvements.

Data in this section associated with air emissions, releases, water use, hazardous and non-hazardous waste represents total quantities for our manufacturing, research, development, warehouses and equipment recovery/recycle operations. Data in this section associated with energy and greenhouse gas (GHG) emissions represent total quantities for our manufacturing, research, development, warehouses and equipment recovery/recycle operations, offices and data centers. Normalized values for 2014 forward have been calculated using Xerox revenue from continuing operations <sup>1</sup>. Unless otherwise noted, all numbers represent worldwide totals (excluding Global Imaging Systems (GIS) locations) and are reported in generally accepted international units.

The data presented is based on actual measurements to the extent possible. Where direct measurements are not available, we employ engineering calculations or estimates. We continue to strive to increase the accuracy of the data we report.

All of our major manufacturing sites, distribution operations and some of our administrative offices employ an Environmental Management System (EMS) that conforms to ISO 14001:2015. The system:

- Establishes a framework to ensure compliance with regulations and Xerox standards
- Identifies environmental impacts considering a life cycle perspective and sets objectives and performance targets
- Identifies, manages, and addresses risks and opportunities related to environmental aspects, compliance obligations, other issues or other needs and expectations of interested parties
- Strives for continual improvement by conserving natural resources, eliminating the use of toxic and hazardous materials, preventing pollution, and recovering, reusing and recycling materials
- Ensures integration between day-to-day business activities and environmental planning and program management
- Encourages innovative engineering solutions, creative partnerships and employee involvement

<sup>1</sup>On December 31, 2016, Xerox Corporation completed the Separation of its Business Process Outsourcing (BPO) business from its Document Technology and Document Outsourcing (DT/DO) business (the "Separation"). The Separation was accomplished through the transfer of the BPO business into a new legal entity, Conduent Incorporated ("Conduent"), and then distributing one hundred percent (100%) of the outstanding common stock of Conduent to Xerox Corporation stockholders (the "Distribution"). As a result of the Separation and Distribution, the BPO business is presented as discontinued operations and, as such, has been excluded from continuing operations for all periods presented. Accordingly, continuing operations represents the ongoing DT/DO business.

Our major manufacturing operations have been certified to ISO 14001 since 1997. Our major worldwide technology equipment distribution centers achieved certification in 2010. Quarterly status meetings and use of an environmental performance scorecard provide visibility, best practice sharing and innovation across our operations.

## Energy Goal 2025

In 2003, we made a public commitment to reduce GHG emissions — our carbon footprint — by joining the U.S. Environmental Protection Agency (EPA) Climate Leaders program and launching our own internal Energy Challenge 2012.

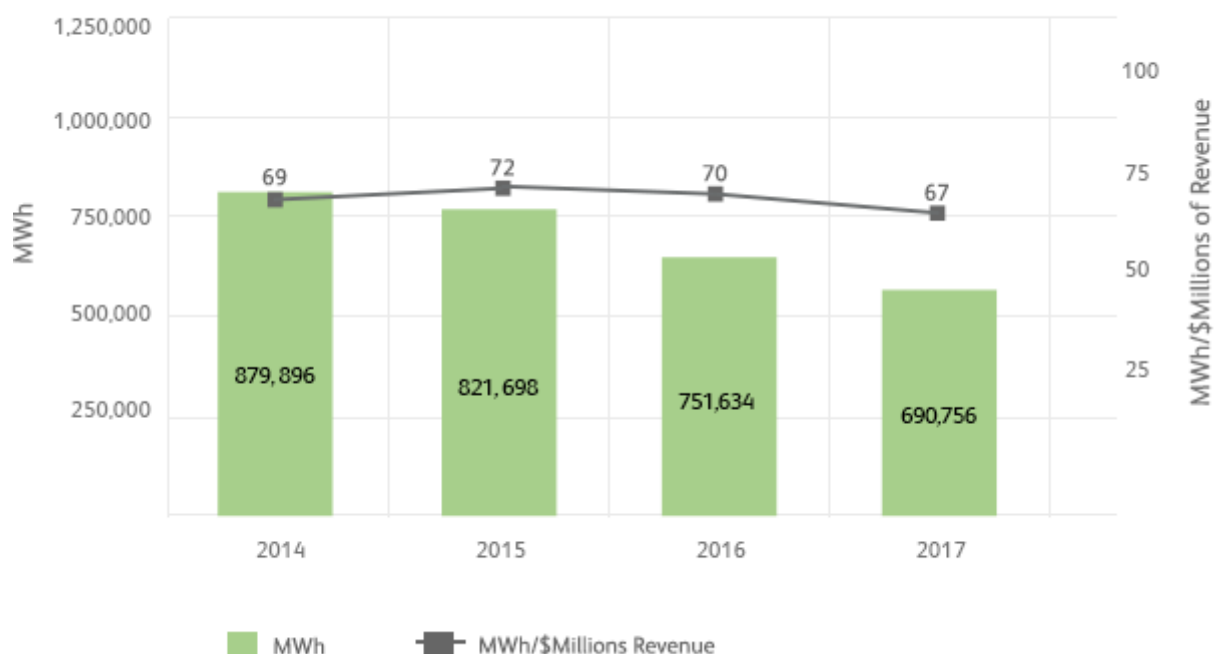
This 10-year initiative set a goal to reduce GHG emissions across all company operations by 10 percent by 2012. We met this target six years ahead of schedule, so we set a new target of 25 percent reduction by 2012 (from a 2002 baseline). At the conclusion of the program, we successfully cut emissions by 42 percent — that's 210,000 tons of carbon dioxide equivalents (CO<sub>2</sub>e) — and reduced energy consumption by 31 percent.

In 2012, we set a new science-based energy goal to reduce energy consumption and GHG emissions by 20 percent by 2020 (from a 2012 baseline). In 2016, we met our new goal by reducing energy consumption by 20 percent and cut GHG emissions by 28 percent — that's 92,000 tons of CO<sub>2</sub>e.\*

In 2018, we established a new corporate-wide science-based energy goal to reduce energy consumption and GHG emissions by 25 percent by 2025 (from a 2016 baseline).

\* Energy Challenge 2012 included fleet and facilities for the Technology Business. Energy Goals 2020 and 2025 encompass all parts of our continuing businesses.

## Energy Consumption



Energy totals are associated with fuel consumption by company-owned fleet and natural gas/electricity consumption in facilities. Vendor invoices from utility and fuel providers are the preferred source of data; when unavailable, estimates have been used.



In accordance with the Greenhouse Gas Protocol and to make annual data comparable, we adjust the energy data each year as a result of the opening and closing of facilities and use of more appropriate emission factors that are available. Revenue is from continuing operations.

## **Greenhouse Gas Inventory**

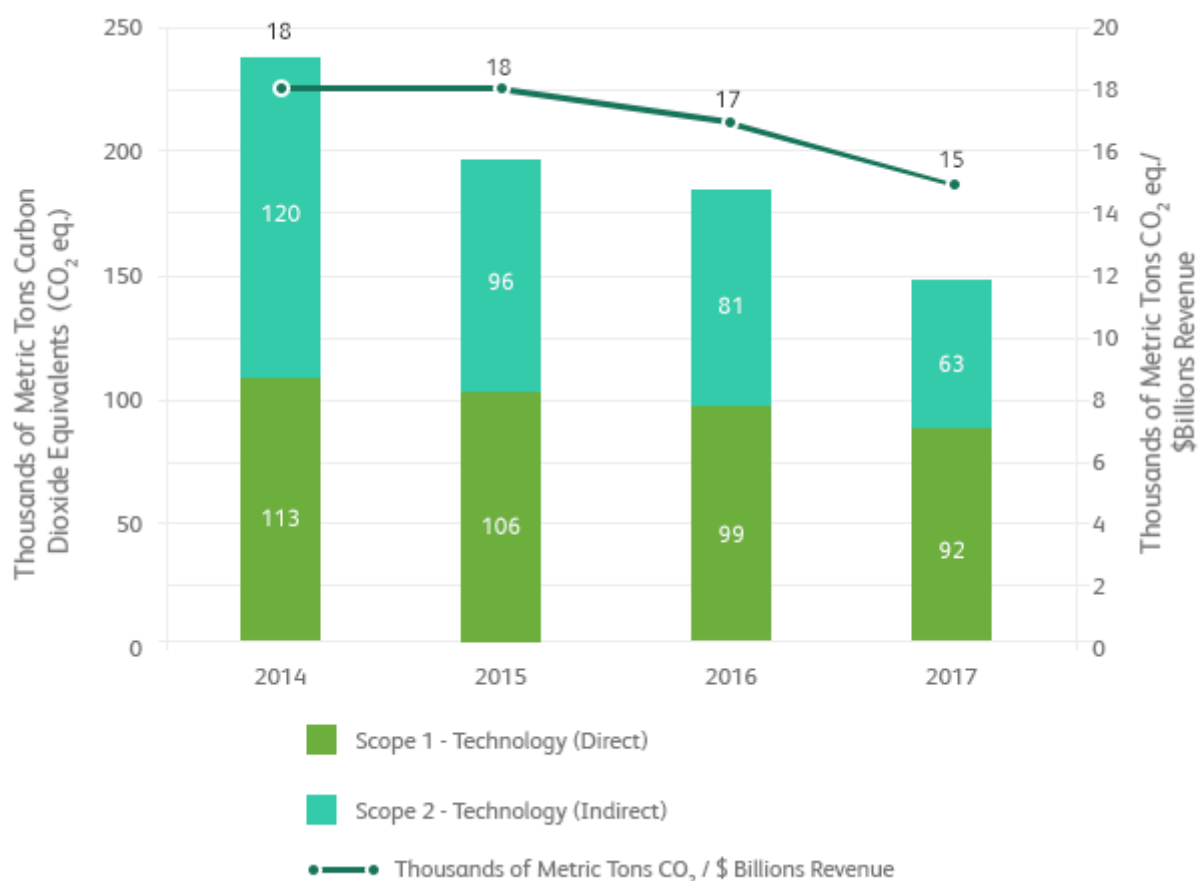
In accordance with the international guidelines of the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development, we track the six major GHGs: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF<sub>6</sub>). As noted, we express our carbon footprint in terms of carbon dioxide equivalents (CO<sub>2</sub>e).

Energy sources account for more than 99 percent of our GHG emissions. Our GHG inventory includes direct emissions from the combustion of fossil fuels, primarily natural gas, and indirect emissions from purchased electricity and steam at our manufacturing sites, offices and warehouses. The inventory also includes the combustion of gasoline and diesel fuels in our service and sales vehicle fleet.

As a result of the opening and closing of facilities, changes to the fleet inventory, and availability of more appropriate emission factors, base-line adjustments are made each year, which are reflected in the Energy Consumption and GHG Emission charts. We continually strive to expand our GHG tracking of indirect, or Scope 3 emissions. We currently track Scope 3 emissions from end-of-life treatment of sold products, employee business travel, product transport, employee commute and waste generated in operations.

In 2017, Xerox GHG emissions totaled 154,660 metric tons of CO<sub>2</sub>e, which is a 14 percent reduction from a 2016 baseline. About 60 percent were direct emissions from the combustion of natural gas, gasoline and diesel fuel. The remaining 40 percent of the GHG emissions total were indirect emissions from purchased electricity and steam. Xerox-owned or leased facilities, such as manufacturing sites, offices and warehouses, are associated with 53 percent of our direct GHG emissions. The remaining 47 percent are direct emissions from our service and sales vehicle fleet and other mobile sources.

## Greenhouse Gas Emissions



GHG emissions totals are associated with fuel consumption by company-owned fleet and natural gas/electricity consumption in facilities. Vendor invoices from utility and fuel providers are the preferred source of data; when unavailable, estimates have been used.

In accordance with the Greenhouse Gas Protocol and to make annual data comparable, we adjust the energy data each year as a result of the opening and closing of facilities and use of more appropriate emission factors that are available. Revenue is from continuing operations.

### Scope 3 Emissions

Scope 3 emissions result from activities commissioned by Xerox, but take place at a third party and/or arise from sources not owned or controlled by Xerox. Therefore, the collection of indirect, or Scope 3, GHG emissions is challenging. The probability of data inaccuracy with Scope 3 emissions is higher than for Scope 1 or 2 emissions for several reasons. These include the limited availability of data from the supply chain and, the more tiers of suppliers there are in the system, the less transparent and more challenging the data collection process is. In order to overcome some of these challenges, we calculate Scope 3 emissions according to the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. This standard provides requirements and guidance to collect, prepare and publicly report a GHG inventory that includes indirect emissions. The Scope 3 emissions information is also used to prioritize our GHG emission reduction efforts and to integrate consideration of carbon impact into our sourcing and internal decision making.

## Third Party GHG Verification

Our 2017 Scope 1, Scope 2 and Scope 3 GHG emissions have been verified by a third party verification/assurance company in accordance with ISO 14064-3:2006 against our internally defined methodology described in “Xerox Corporation Greenhouse Gas Emissions Inventory Management Plan, Version March 2018” and the principles of: transparency, accuracy, consistency, completeness and relevance.

## Climate Change Risks and Opportunities

Xerox has examined the regulatory, physical and commercial risks and opportunities associated with climate change across our value chain.

We assess and manage our carbon risk by maintaining both a comprehensive GHG emissions inventory and a mature regulatory tracking function that provides the necessary information to stay abreast of developing regulation. We do not consider our company to be subject to unique risks due to changing weather patterns, rising temperatures and sea level rise, but we recognize that our business and our customers could be affected by more frequent disruptions as a result of severe weather in locations where we operate. We may need to invoke our business continuity and resumption plans to aid customers and employees who are impacted by business disruptions on account of severe weather. We have experience working to ensure continuity of critical applications by prioritizing business needs and developing customer-specific preparedness plans where appropriate. These plans include communication with employees and customers, management of employee health and safety issues, business continuity and resumption processes, as well as interaction with government organizations.

We recognize that the increasing costs of energy and concerns around energy security are issues that affect both our operations and our customers. To meet our commitment for “Reducing Energy Use and Protecting the Climate,” our long-term strategy is to continue to invest in technologies that reduce the carbon footprint of our operations and develop technology solutions that help our customers to reduce the energy and environmental impacts of their businesses.

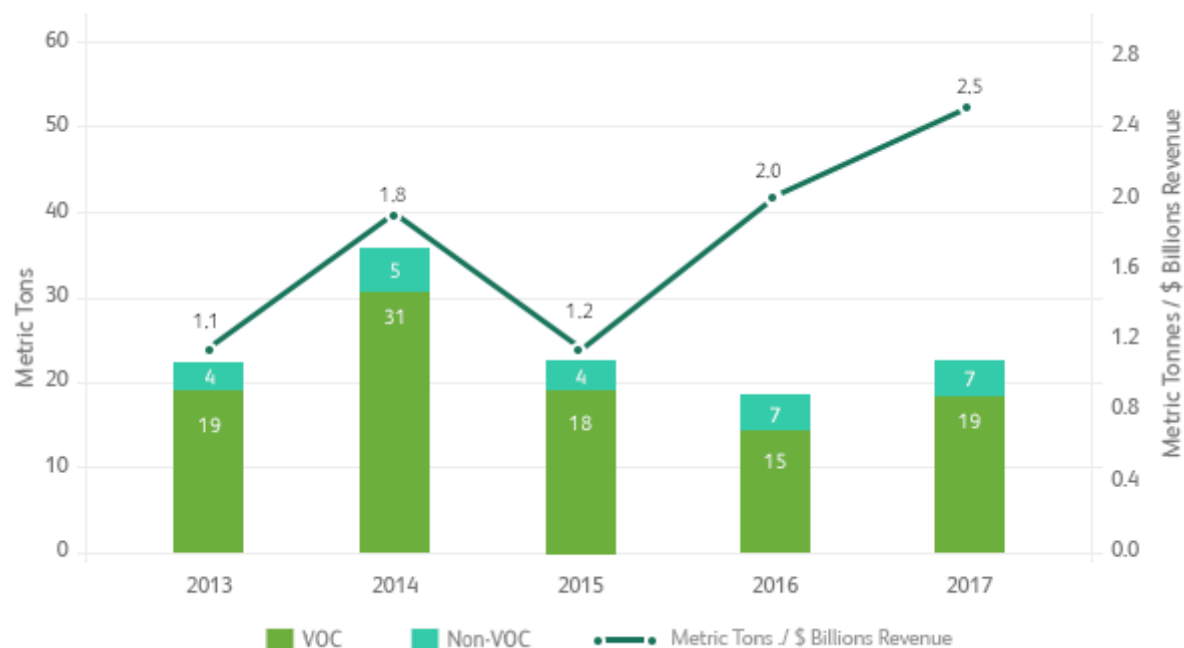
## Preserving Clean Air and Water

### Air Emissions

Xerox has significantly reduced manufacturing air emissions over the past 20 years, but we continue to pursue efforts to do even more.

Most of our air emissions originate from the production of imaging supplies such as toner, photoreceptor drums and belts, as well as fuser rolls. Approximately 26 metric tons of volatile organic compound (VOC) process air emissions (VOC and non-VOC) were released to the atmosphere from these activities in 2017. Emission reductions over time primarily have come from process modification, lower production volumes of legacy products and production declines attributable to longer-life components. VOC air emission increases in 2017 are primarily due to increased production and revised emission factors established during stack testing at the Venray, Netherlands facility.

## Volatile Organic Process Air Emissions

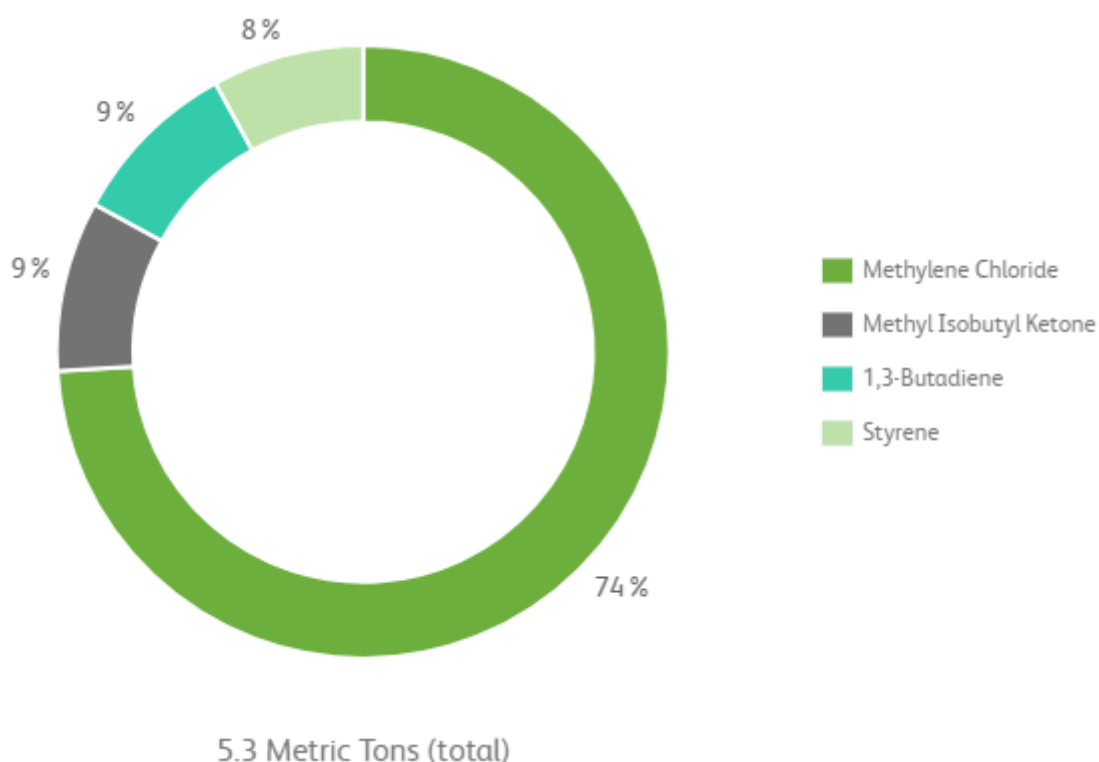


VOC Process air emissions generated in 2016 have been revised to reflect the most accurate and current data. Revenue is from continuing operations.

A subset of these VOC emissions is defined by the U.S. Environmental Protection Agency (EPA) as hazardous air pollutants (HAP). In 2017, Xerox reported worldwide air emissions of approximately 5.0 metric tons of HAP under national toxic chemical release regulations, including the U.S. Toxic Release Inventory (TRI) program. Methylene chloride, methyl isobutyl ketone (MIBK), 1,3-butadiene and styrene represent virtually all of these HAP emissions.

## 2017 HAP Air Emissions

as Reported under National Toxic Release Regulations



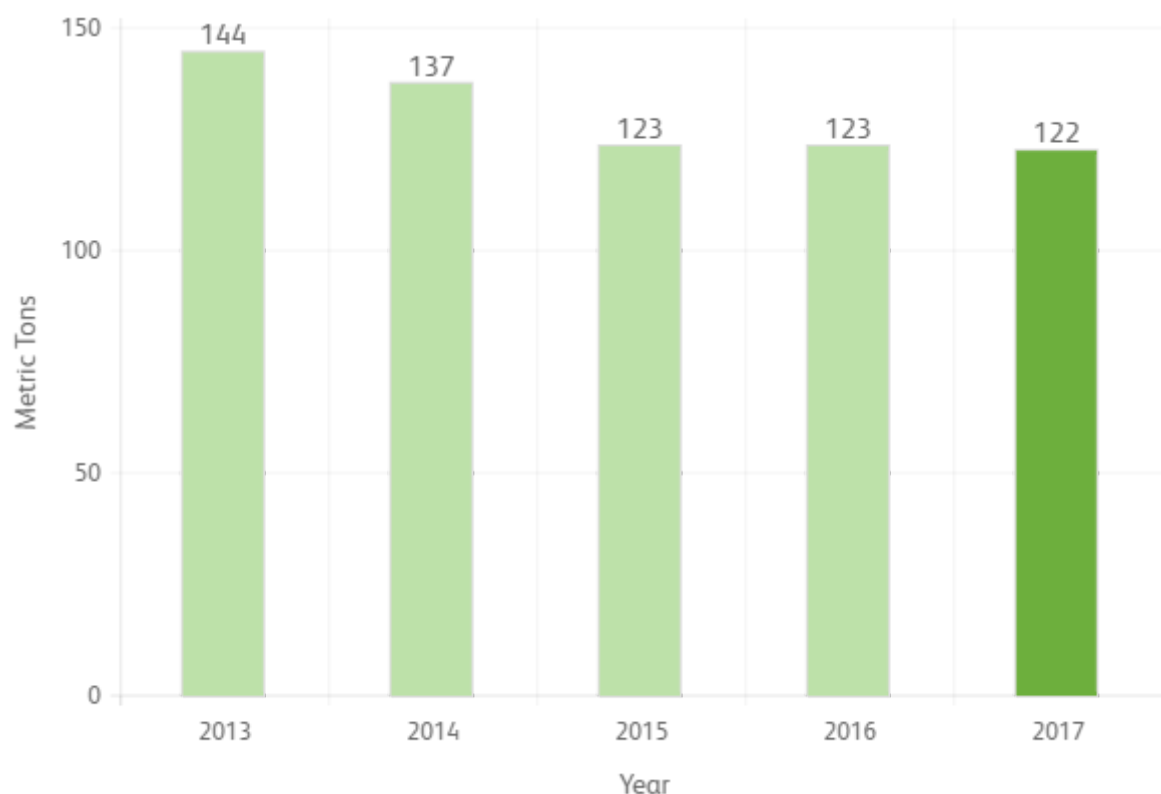
## Ozone-Depleting Substances

Xerox policy prohibits the use of ozone-depleting substances (ODS) as ingredients in the manufacturing processes for products and finished products including spare parts, accessories, consumables and packaging. ODS used as refrigerants in facility and vehicle air conditioning systems and various food/equipment-cooling systems are in compliance with applicable global regulations. Elimination of ODS as refrigerants is managed consistent with government phase-out dates.

## Toxic Chemical Releases

The release of materials used in our worldwide operations is evaluated annually and reported to government agencies under national toxic chemical release reporting regulations, such as the U.S. TRI, the Canadian National Pollution Release Inventory and the European Pollutant Release and Transfer Register. Releases for reporting year 2017 decreased slightly compared to 2016 levels and were 75 percent lower than 2007 levels.

## Reportable Toxic Chemical Releases and Transfers



In 2011, operations with reportable toxic chemical releases to the air, land or water — in amounts greater than one metric ton — established goals, targets and objectives related to chemical releases. Progress against these goals as of year-end 2017 is summarized below:

- Methylene chloride used in the manufacture of Xerox photoreceptor belts has been reduced by 62 percent from the 2010 baseline, greatly overachieving the target. This dramatic decrease was primarily due to volume declines of legacy products and process modifications that cut the amount of methylene chloride used for batch cleaning of production equipment. However, there was an increase in methylene chloride usage by 29 percent from 2016 to 2017, primarily due to production scheduling issues.
- In 2017, per-batch emissions of 1,3-butadiene from U.S. toner resin manufacturing operations decreased slightly from 2016. Low-emission hose connectors installed in 2016 and incident-free material handling operations contributed to this result.

Xerox has committed to establishing new goals in 2018 to reduce the release or transfer of toxic chemicals from our manufacturing operations.

## Spills and Accidental Releases

Our goal is to proactively prevent any accidental release of regulated materials to air, soil and water. In 2017, no spills or releases occurred at Xerox operations that presented a significant risk to human health or the environment or caused liabilities significant enough to be included in company financial reports. The few spills and releases that occurred across company operations were reported to local government agencies as required, but are not considered significant.

## Water Consumption and Treatment

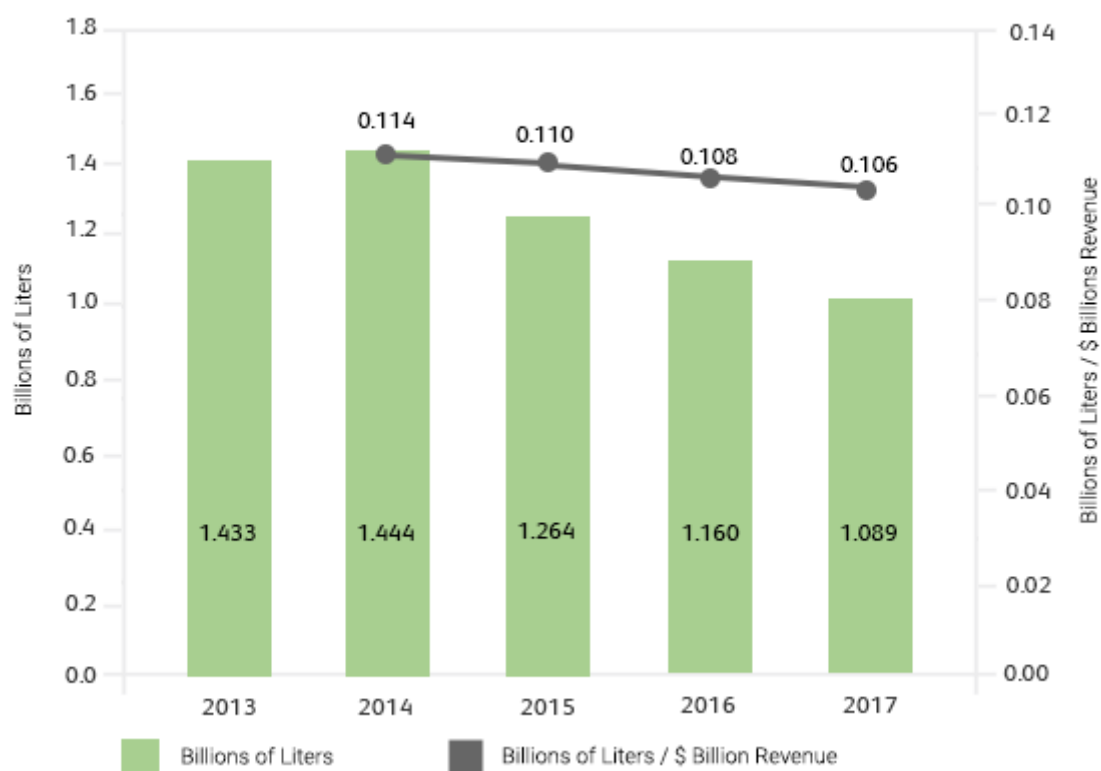
As part of our commitment to conserve resources, we monitor water consumption across our manufacturing, distribution, and research and development facilities worldwide. Water consumed by Xerox operations is sourced from local municipal suppliers that withdraw water from the ground, lakes, rivers or other surface waters.

In 2017, we achieved our goal to reduce water consumption by 35 percent (against a 2010 baseline), years ahead of our targeted date of 2020. Our annual water consumption was down 46 percent due to a combination of conservation initiatives and production declines.

We also strive to preserve the planet by recycling water. A program initiated in mid-2016 at our plant in Wilsonville, Oregon utilizes reverse osmosis reject water for reuse in onsite cooling towers. During 2017, more than 300,000 gallons (1.14 million liters) of reject water were reused onsite in cooling towers.

The water discharges at manufacturing sites are monitored as necessary to validate compliance with local sanitary sewer discharge limits. Wastewater from manufacturing processes is treated, as necessary, before being discharged into local sanitary sewers. We utilize best practices to prevent unwanted pollutants from entering waterways via surface contamination and run-off. Extensive sampling of wastewater, discharged to both sanitary and storm sewers, ensures that discharged water meets our strict requirements. Although Xerox has not established a goal for reduction of wastewater discharges, it is worth noting that water discharged from our facilities in 2017 was approximately 43 percent lower (975 million liters) than in 2010. These results also can be attributed to water conservation initiatives, adjustments to metered discharge estimates, and production declines.

## Water Consumption



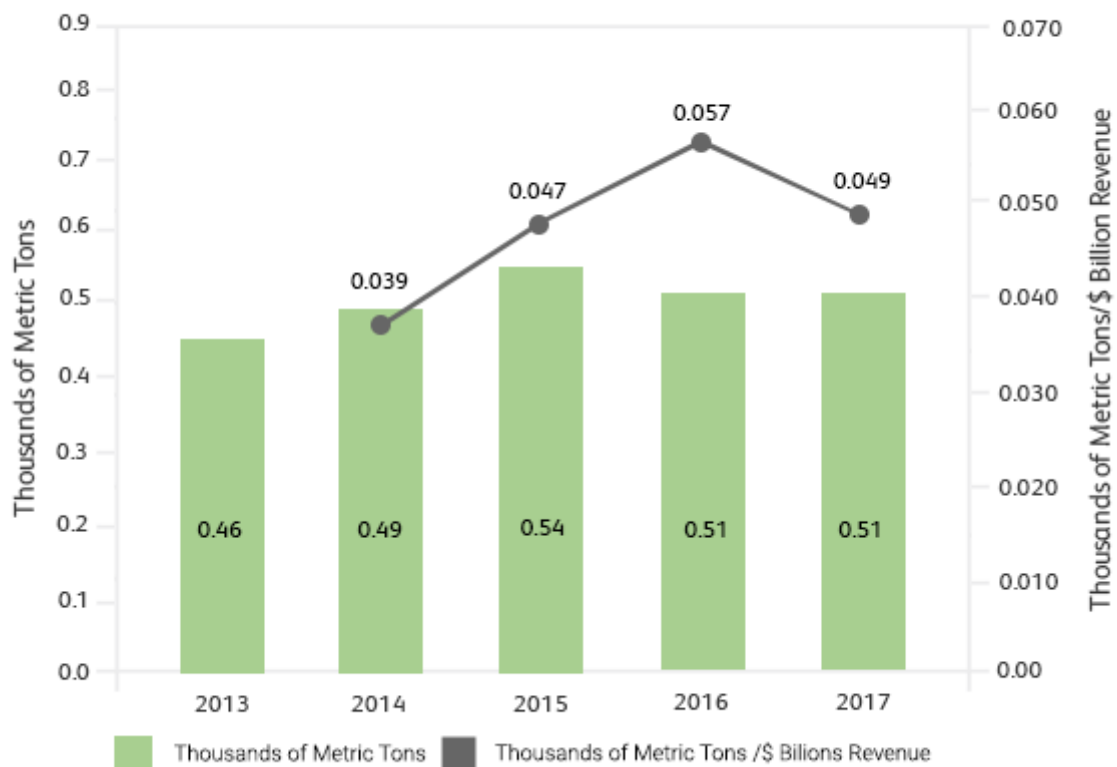
Revenue is from continuing operations revised for all periods to reflect discontinued operations.

# Preventing and Managing Waste

## Hazardous Waste

Xerox has a mature program for reducing the amount of hazardous waste generated throughout the company. Historically our manufacturing operations that generate significant quantities of hazardous waste have goals and objectives to eliminate and/or reduce the amount of hazardous waste generated. Since 1999, Xerox has reduced the quantity of hazardous waste generated by almost 90 percent. These hazardous waste reduction activities have included manufacturing technology changes and re-use/recycling initiatives. Although the amount of hazardous waste generated across the company has been relatively flat in recent years (0.5 thousand tons), Xerox strives to manage these waste streams in a beneficial manner. Approximately 70 percent of the hazardous waste generated in 2017 was managed at fuels blending and solvent recycling facilities. Only 0.3 tons of hazardous waste was landfilled; all other hazardous waste generated during the year was treated and/or incinerated. Xerox does not export hazardous waste to developing nations.

## Hazardous Waste Generated

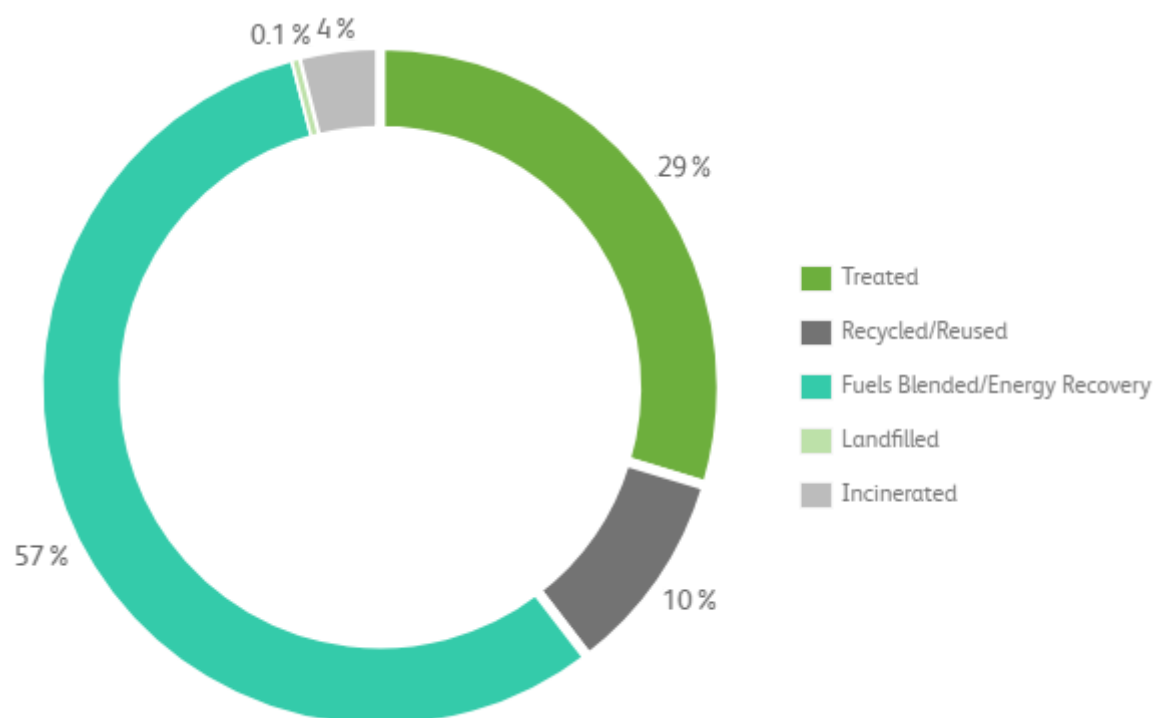


Hazardous waste generated in 2016 has been revised to reflect the most accurate and current data. Revenue is from continuing operations, revised for all periods to reflect discontinued operations.



## 2017 Hazardous Waste Management Methods

Percentage by Management Method



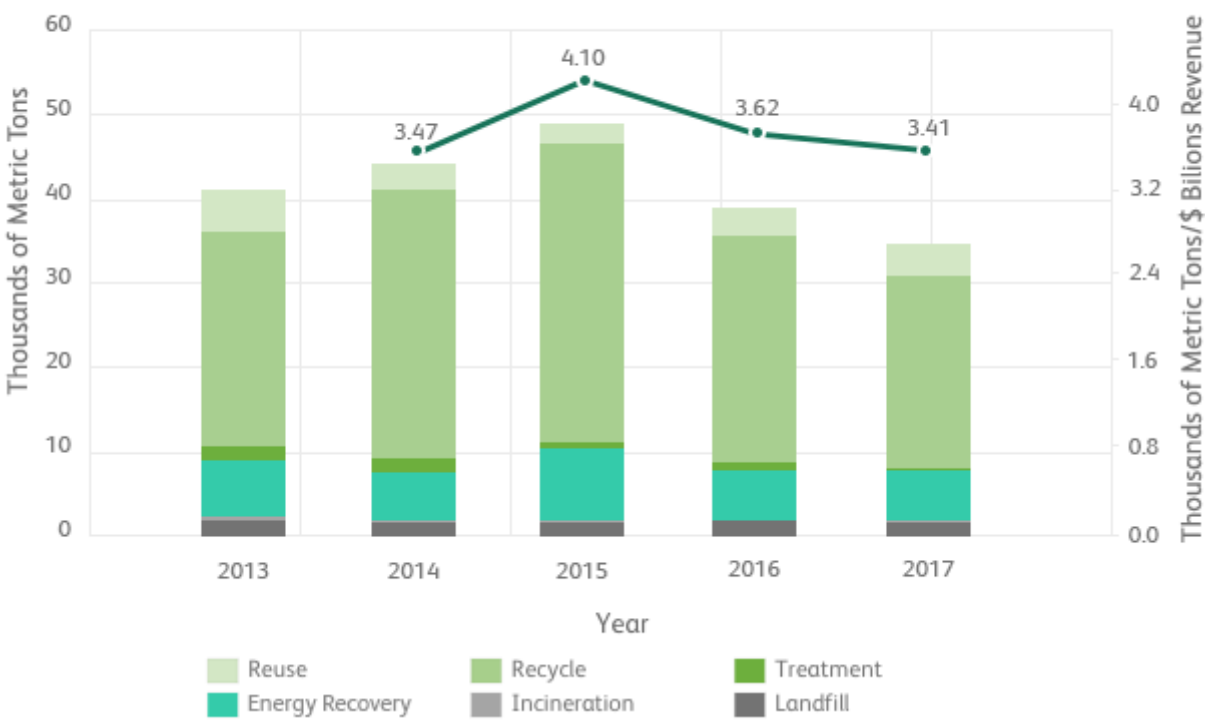
Values have been rounded to the nearest decimal place.

### Non-hazardous Solid Waste

Xerox has had waste reduction efforts in place for many years. We reuse boxes, pallets and containers for parts delivery. We capture and reprocess toner that is outside the acceptable size range during manufacturing, recycle returned equipment and reuse totes for recycling scrap metal and paper. Globally, operations generated 35,000 metric tons of non-hazardous solid waste in 2017, down from 39,000 metric tons in 2016. Process waste consists primarily of paper, wood, pallets, waste toner, plastics and packaging waste such as corrugated cardboard. Equipment manufacturing waste includes scrap metal, waste batteries and lamps, miscellaneous trash, and non-usable end-of-life equipment and parts that our customers return to Xerox for processing and remanufacturing. This waste made up about 72 percent of the non-hazardous solid waste managed by Xerox operations in 2017. Xerox is able to reuse or recycle nearly 100 percent of the waste generated from our customer returns.

Our goal is to reuse, recycle or recover energy from 100 percent of waste generated at facilities globally by 2020. In 2017, nearly 96 percent of non-hazardous solid waste generated was reused in equipment repairs or remanufacturing, recycled, or used to produce energy, up from 94 percent in 2016. In 2017, our equipment resellers were able to return a greater number of products to the marketplace for resale. That resulted in a significant reduction of all non-hazardous waste.

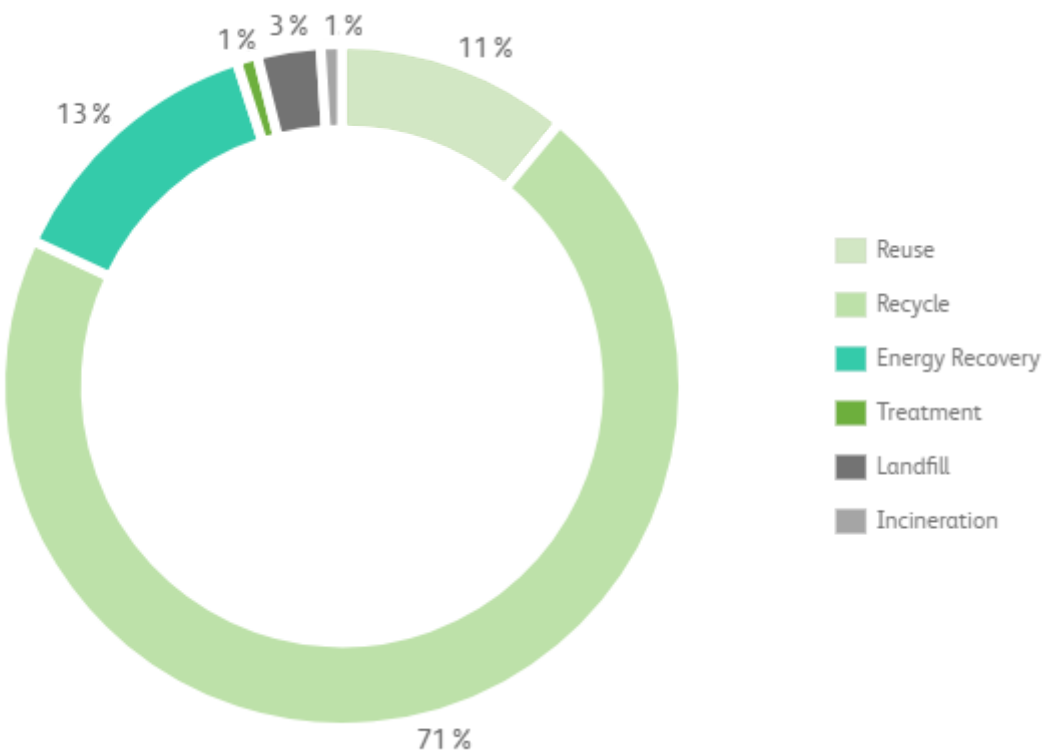
# Non-hazardous Waste by Management Method



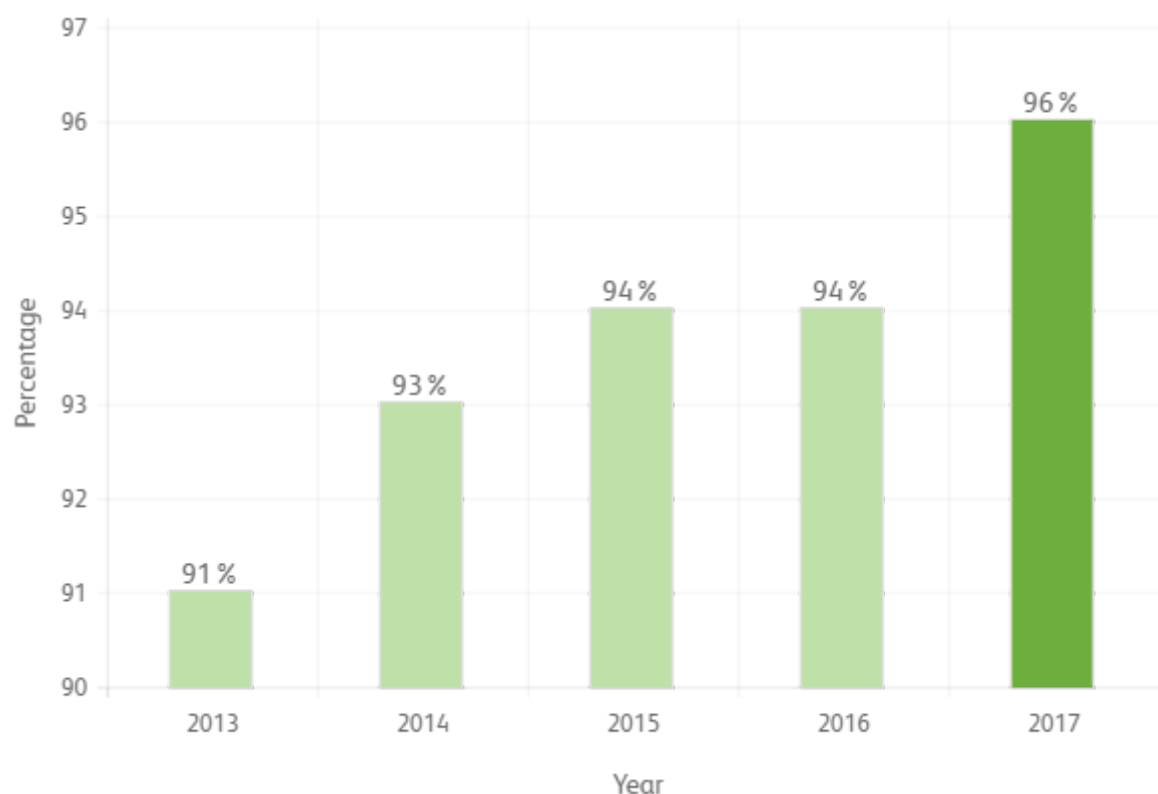
Revenue from continuing operations.

## 2017 Non-hazardous Waste Management Methods

Percentage by Management Method



## Non-hazardous Waste Recycling Rate



## Environmental Remediation and Compliance

In 1985, we voluntarily assessed our real estate portfolio globally and identified 68 facilities that required corrective actions to address environmental contamination. We worked closely with the appropriate federal, state and local agencies to implement prompt and appropriate measures to ensure the protection of employees, neighbors and the environment.

Today, only three of the original 68 sites require active remedial or control measures. Source areas of contamination have effectively been removed or greatly reduced, allowing the remediated properties to be available for reuse or redevelopment. We are conducting post-remediation compliance monitoring at one site that is no longer subject to active remediation, which will enable the regulatory process for managing this site to be completed.

In addition to employing conventional techniques for groundwater recovery and treatment and soil excavation, we have a history of developing innovative technologies to enhance our remedial efforts. These include techniques that improve and accelerate the recovery of contaminants such as high-vacuum 2-Phase Extraction and enhanced bedrock fracturing. We also employ technologies where contaminants are degraded or converted to less harmful substances through enhanced natural biodegradation and chemical oxidation processes.

## Compliance Reporting

We require our various operations and subsidiaries worldwide to report any written or verbal notices of environmental fines, citations or formal violations. In 2017, Xerox did not receive any fines, citations, or notices of violation from environmental regulatory agencies.

# Xerox Philanthropy

We invest in the communities where we live and work for reasons beyond fulfilling our obligation as a corporate citizen. We do it because it makes our company stronger and more competitive.

Our philanthropic investment strategy delivers the greatest impact possible for every dollar spent. In 2017, we invested more than \$4 million in the non-profit sector. In addition to financial support we provided more than 91,000 hours of volunteer time. Many non-profit organizations, colleges and universities received direct financial support in the form of strategic investments, matching gifts or community involvement activities of Xerox people.

At its core, Xerox philanthropy efforts focuses on four strategic areas:

- **Science and technology:** Xerox invests in scientific research and partnerships to serve the long-term strategic interests of the company.
- **Strong vibrant communities:** Xerox supports communities where our people and customers live and work, strengthening ties with our stakeholders and embedding Xerox into the fabric of communities around the world. We enable our people to give back to the causes they believe in, and the support we provide enhances our corporate reputation and drives the company's success.
- **Education and workforce preparedness:** Xerox reveres the role of education in society—colleges, universities, STEM education programs and workforce development programs that prepare the next generation of leaders, inventors and scientists.
- **Disaster relief:** aiding our employees and their neighbors in crises during natural disasters.

## A New Xerox

2017 was a year of transformation, reflection, and a complete reset of philanthropy at Xerox. Our business had undergone significant change within the last several decades and it made sense for our philanthropy strategy to reflect the Xerox of today, and, more importantly, the Xerox of tomorrow.

The Xerox philanthropy team benchmarked best practices and looked to global reporting standards to reform our approach to giving back. As a result, we invested in fewer organizations and programs to create more meaningful results. No longer are we providing unsolicited grants; we streamlined our list of non-profits to demonstrate a solid return on investment and we further invested in employee-driven programs that provide direct linkage to our people and their passions.

## Governance

At the heart of our approach to citizenship is our governance structure. In 2017, our Global Philanthropy Policy was created to formalize our approach for giving back to communities around the world. Along with reinforcing our core focus areas, it put in place a reporting structure to better capture and report global philanthropy activities.

For more information, visit [www.xerox.com/en-us/about/corporate-citizenship/philanthropy](http://www.xerox.com/en-us/about/corporate-citizenship/philanthropy).

## Employee Volunteerism

At Xerox, we believe a combination of financial and human resources can bring about greater change than either on its own. This philosophy is perhaps best represented by the Xerox Community Involvement Program (XCIP). This long-running, grassroots initiative backs the voluntary spirit of our employees with funding support from Xerox. In this way, we're making the biggest difference in the communities where we live and work. Since the

program began in 1974, thousands of Xerox people have rolled up their sleeves and participated in projects that make their hometown a better place. In 2017, Xerox invested \$778,375 in XCIP, enabling more than 344 projects.

Outside of the Xerox Community Involvement Program, many Xerox people give their time and talent to a wide variety of causes. Here are a few examples:

- Xerox researchers and scientists participate in the Xerox Science Consultant Program, which sends our people into elementary schools to teach science and ignite interest in science as a career.
- Xerox engineers mentored FIRST Lego, Tech Challenge and Robotics Teams, teaching valuable technical and life skills to middle and high school students.
- Xerox lawyers provide *pro bono* work to a wide range of non-profit organizations.
- During Hurricanes Harvey, Irma and Maria, Xerox people mobilized efforts in their communities to help their fellow colleagues and customers. They distributed food and water to employees in need; Xerox purchased nine generators and shipped them to Puerto Rico for shared use among employees and we distributed a frequent cadence of weather, safety and travel advisories.
- Xerox Canada's **Day of Sharing** (DOS) is exclusively a volunteer opportunity for employees to give back to their communities. Employees are encouraged to find opportunities matching their interests and dedicate the time to volunteer during business hours. From serving meals to those less fortunate to mentoring the next generation of leaders, our Canadian employees are passionate about giving back to the communities in which we live and work. In total, Xerox Canada invested \$178,975 in their communities in 2017.
- The Xerox (U.K.) Trust invested £32,440, or USD \$42,653.34 in charitable U.K. organizations undertaking projects with the help and at the request of Xerox people. The RoseHill Youth Center, ABC to Read and African Brazilian Arts & Culture Executive Institute were a few of the organizations supported. The U.K. trust is a registered charity, number 284698. For more information, please visit <https://www.xerox.com/en-gb/about/corporate-citizenship/uk-trust>.
- The Xerox team in Dublin has a special connection with Special Olympics Ireland, giving more than 600 hours of employee time, dedicating our premises for use by the games and attendees, as well as proudly providing the official program.
- In direct response to a series of deadly wildfires in central Portugal, Moinhos do Dão, Xerox people mobilized and partnered with local fire prevention efforts. While the area didn't suffer damage, it was a very close call. Our people planted native, broad leaf trees creating a natural preventative border.
- People across Xerox — from the C-suite to the factory floor — volunteer to help make our world a better place, whether by giving their time to a corporate board or by rolling up their sleeves and packing boxes for a holiday food and gift drive.

## Education and the Workforce of our Future

Our commitment to education is a key enabler to nurture the next generation of innovators and global leaders. We create opportunities for young people to pursue college degrees and, ultimately, careers in science, technology, engineering and mathematics — the STEM principles.

### K—12 Education

One way for our business and our communities to thrive is to provide a means to better the lives of young people. Since the early '60s, Xerox and our grassroots education programs have helped to inspire young men and women to take an interest in the STEM principles and create a career path to success, one that eliminates poverty.

One place we're succeeding in this endeavor is Rochester, N.Y., our hometown and where Xerox began. The Rochester City School District suffers one of the state's and country's lowest graduation rates and highest poverty levels. To combat this one-two punch dealt to the children of Rochester, Xerox has created a continuum of critical programming that has proven to change lives.

- The Xerox Science Consultant Program began almost 50 years ago in 1968. It was an effort of our founder, Joe Wilson, and became a direct result of race riots in Rochester. Xerox men and women visit elementary school classrooms to teach hands-on science lessons — the cool stuff — to children whom may never have had the exposure to the material, and most importantly, a role model that looks like them.
- In 1992 Xerox was a founding partner of FIRST, For Inspiration and Recognition of Science and Technology. Xerox and our people are the driving force behind more than 100 teams in the U.S. and Canada. FIRST is yet another, hands-on approach to learning valuable and technical skills all with real world pressures and deadlines. Students build robots to compete and address challenges out of a box of LEGOS® and parts. As many students have said, “it’s the hardest fun you’ll ever have”.

## Xerox Digital Career Pathway Program

At the same time, we realize that a four-year degree may not be the right choice for every young person, but opportunity certainly is. For the last 15 years, the Xerox Digital Career Pathway Program was designed to provide students and adult learners the opportunity to acquire the skills and knowledge to help drive success in the industry of digital production printing and workflow. Delivered through partnerships with high schools, vocational schools, correctional facilities and community-based programs, this is a program designed and developed by industry for industry and nationally accredited. [Here's what it's like to participate.](#)

As part of a larger effort to support education in the U.S., Xerox provides matching gifts to colleges and universities. In 2017, 291 institutions received 738 matching gifts from Xerox. The top five beneficiaries were:



# Science and Technology

At Xerox, innovation is our foundation for success. Academic organizations play an important role in the long-term strategic interests of the company by furthering scientific research and training the next generation of scientists.

A prime example of this kind of investment is our partnership with The Rochester Institute of Technology (RIT) and the Advanced Manufacturing Print Center.

- In 2015, Xerox and RIT partnered to create The Advanced Manufacturing Print Center, a 2000 square foot state-of-the-art research facility. For more than a decade, Xerox has been in the additive manufacturing (3D printing) market as a developer and supplier of the inkjet print heads used by leading 3D printing companies. We have also used 3D printers to transform some of our own manufacturing processes.
- The partnership affords Xerox direct access to a world-class facility and the potential for our technology group to collaborate with leading researchers in this space, all of which may enhance and propel future programs. We also take part in working with and developing talent which may benefit us in the future.

## Disaster Relief

Xerox champions a variety of organizations that address natural disasters around the world. We invest in the American Red Cross for its efforts to respond quickly and effectively to U.S.-based natural disasters. In 2017, Xerox partnered with The American Red Cross in response to Hurricanes Harvey and Irma.

- We leveraged Save the Children's expertise and humanitarian efforts for Hurricane Maria and the earthquake in Mexico.
- We also invest in Save the Children and Concern Worldwide, which bolsters our ability to address urgent humanitarian needs across the world.

# Evolving the Workplace

## Global Workforce

The experience, skills and cultural diversity of the people who work at Xerox worldwide represent our most important asset. Our wide range of products and services requires a diverse employee population, representative of the markets in which we do business.

Data pertaining to the demographics, diversity and union representation of our global workforce is available in our 2018 Corporate Social Responsibility Progress Summary.

For more information, please visit: <https://www.xerox.com/downloads/dl/usa/en/x/2018-corporate-social-responsibility-progress-summary.pdf>

## Diversity and Inclusion

At Xerox, diversity is an essential part of our corporate culture. Treating others with respect and offering equal opportunity regardless of origin, race, gender or sexual orientation makes us stronger because it allows us to take full advantage of a global workforce that is rich in experience, knowledge and creativity. Many of our accomplishments as a company originate from teams of diverse individuals whose varying perspectives complement one another as they work together to achieve our strategic goals.

To see our workplace goals and progress, please visit <https://www.xerox.com/en-us/about/corporate-citizenship>

## Award-Winning Diversity

Year after year, Xerox was recognized for embracing diversity in the workplace. The following is a list of some of our acknowledgements from 2017 through May 2018:

- “Best Places for Women & Diverse Managers to Work” by *Diversity MBA Magazine*
- “50 Best Companies for Diversity” by *Black Enterprise Magazine*
- Best Companies to Work for LGBT Employees by Human Rights Campaign Foundation (Xerox has consistently scored 100 percent on this index annually since its inception more than a decade ago)
- 2017 AT&T Supplier Diversity Crystal Award
- 2017 Black Enterprise’s Registry of African American Corporate Directors
- *U.S. Veterans Magazine* Top Veteran-Friendly Companies
- *U.S. Veterans Magazine* Top Veteran-Friendly Supplier Diversity Programs
- “Best of the Best Supplier Diversity Programs 2018” by *Black Equal Opportunity Employment Magazine*
- “Best Companies for Latinos in TECH” by *LATINO Magazine*
- 2018 Fortune’s Most Admired Companies List
- Flex Jobs Top 100 Company with remote jobs
- “Top 50 Best Companies for Latinas Represented by Chief Ethics Officer Flor Daniels as One of the Highest-Ranking Latinas in Corporate America” by *Latina Style Magazine*
- Six-time 2020 Women on Boards Winning “W” Company, which recognizes the importance of board diversity



## Executive Leadership Diversity Council

The Executive Leadership Diversity Council consists of senior leaders from across Xerox who meet to discuss matters such as:

- Workforce representation
- Work environment
- Diverse customer markets
- Organizational efforts to address the needs of a multicultural workforce

In addition, select Council members may be involved in other diversity initiatives, such as the Corporate Champion Program, where senior executives are matched with employee affinity groups.

The “champions” educate our senior management on their groups’ environmental perspective and community initiatives.

Global independent affinity groups also play an important role in our diversity story. These groups are instrumental in advocating openness, opportunity and inclusion for the entire Xerox community. They work with management to achieve common business objectives and self-advocacy, and to create an environment of inclusion. Our affinity groups currently address the concerns of our employees who are millennials and veterans, as well as those who are African American, African American women, Asian, Hispanic, women and/or gay, bisexual, lesbian and transgender.

Additional groups that promote inclusion include: Winning Ways, a women-centric group based in India supporting recruitment, growth, networking and mentoring for female job candidates and employees. In the U.K., along with the launch of a chapter of The Women’s Alliance, one of the affinity groups we have partnered with is the Everywoman Network. Membership provides employees with access to personal development tools, including monthly webinars, workbooks with online tutors, articles and interviews with senior women in business.

## Non-discrimination Policy

Globally, we create policies that support our business goals and reflect the culture of the countries where we do business. Xerox does not discriminate on the basis of race, color, religious belief, sex, age, national origin, citizenship status, marital status, union status, sexual orientation or gender identity.

By focusing on diversity, Xerox hires, promotes and retains the best people who are well-suited for our business. We’ve designed our hiring and promotion efforts to ensure a deep, diverse reserve of strong players who are ready to assume leadership roles. Our hiring practices include engaging Xerox people to recruit at universities and career fairs, providing scholarships to minority students interested in information technology, and offering internships and co-op programs to diverse groups of students and new graduates.

## Scholarships and Recruitment

Over the years, we have granted 120+ scholarships through our Technical Minority Scholarship Program, and we are constantly reaching out to young people through local, regional and global programs such as the fIRST (For Inspiration and Recognition of Science and Technology) robotics competition and the Xerox Science Consultant Program that encourages broader interest in science and technology. Additionally, working along with our seven Employee Diversity Resource groups, we support direct mentorship programs, scholarships, and encourage employee to student outreach and seminars. To expand our recruitment efforts further, we are partnering with the Society of Hispanic Engineers and other technical programs. We have a similar university outreach program for recruiting African American employees from historically Black Colleges and Universities.

## Equal Employment Opportunity

In the U.S., Xerox complies with Equal Employment Opportunity (EEO) guidelines and all applicable federal, state and local laws that govern the hiring and treatment of its employees. We do not discriminate against veterans, including veterans of the Vietnam era and disabled veterans, individuals with a disability or employees who take protected leave time.

For information on our Supplier Diversity Program and Performance, please see the “Supplier Relations” section.

## Talent Management and Workforce Development

We are reinventing Xerox. For over a century, Xerox has been a technology icon and one of the world’s most well-known brands, delivering innovation that is integral to modern life. Going forward, we are focused on reinvention and writing the next chapter with some of the best and most diverse minds in the technology industry. We are driving our transformation through innovation across the business and in how we approach learning and development. Talent management and workforce development is crucial for the future of Xerox and fueling business growth, so we leverage high-impact practices and technology to drive global workforce capability and integrate learning with work.

Xerox is focused on talent and organizational capability. Our organization and talent planning process includes reviews with senior leaders to build our talent pipeline. We are committed to attracting and developing the best talent, with a focus on diversity and building global capability. Our culture is inclusive, values differences, and encourages collaboration to help our people thrive and reach their full potential.

Our company culture is:

- *Collaborative*, helping each other be better
- *Results-driven*, accountable to our customers
- *Empowered*, to boldly serve our customers and partners
- *Disciplined*, focused on how we think, plan and prioritize

We are reinventing our culture of learning. Rather than simply “delivering training,” we integrate continuous learning into day-to-day work and management practices. For launch in 2019, we’re completely rebuilding our learning ecosystem to ensure our people have access to critical resources for business success, and to align with new corporate vision, values and business direction.

To thrive in a competitive business landscape, we rely on the expertise of our workforce. For us, talent development is much more than just delivering training. Key priorities include:

- Fueling leader-led talent management and workforce development, and learning enabled by all managers.
- Fostering ownership of high-performance and career-focused development among employees.
- Integrating learning with work and building a culture of learning and knowledge sharing.

## Career Planning

We want employees to have rewarding careers at all levels, so our learning and development strategy plays an important part in enabling success. As part of the performance management process, managers and employees work together to build personalized development plans. In addition, we are continually focused on our next generation of leaders. When managers recognize an emerging leader on their team, they work with the individual to plan developmental assignments to stretch and test their capabilities. We identify and accelerate high potentials, as well as provide growth opportunities for our people. Senior leaders review performance and career steps with those who are poised to assume key roles. More broadly, Human Resources provides a forum for management to review the future needs of the organization, noting strengths, gaps and strategies to build strong teams for the next chapter at Xerox.

## Global Learning Innovation for Employees and Partners

Employees and authorized business partners can access our online global learning and development environment. We provide resources for valuable industry and Xerox proprietary certifications. In addition to on-demand virtual learning, we offer face-to-face and virtual instructor-facilitated classes, virtual hands-on labs (vHOLs), online collaboration, user-generated knowledge sharing, curated resources and performance support to our people and partners worldwide. For global reach, our virtual hands-on labs are delivered through a hybrid cloud environment for remote access to the controllers from our product portfolio during learning events. Learning history is tracked online and available for employees and partners to include in their professional portfolio.

On-the-job experience improves current capabilities, as well as builds a foundation for the future. These experiences provide hands-on opportunities to expand and enhance skills. Our strategy includes a focus on workforce knowledge sharing across regions.

We recognize that a strong employee induction experience for new hires is important for their success. Targeted learning covers topics such as ethics, diversity and inclusion, and information security, as well as organization and critical job-specific information.

## Access to Learning Technology

Our global learning environment supports formal and informal workforce development needs. Xerox employees and authorized partners have access to learning and performance support around the clock and through instructor-facilitated learning for targeted initiatives. Self-service learning includes videos, online classes and digitized books. For example, our video-sharing platform contains short videos created by Xerox employees to increase workforce engagement, identify and promote innovative solutions and accelerate adoption of successful business strategies – knowledge sharing to get the job done.

Xerox provides curated learning resources targeted to employee and partner population needs. Our leadership and management development gateway for the enterprise enables the development of leaders at multiple levels. We provide a carefully selected collection of internal and external learning resources, including videos, courses, books, and audio books for each level of leadership.

We evaluate learning initiatives to ensure they contain relevant knowledge, fill skill gaps and promote employee development. We assess the effect on our business through impact studies to understand how learning enhances productivity and effectiveness.

We have a history of excellence in workforce development and are actively reinventing for our future. In recent years, our global learning and development offerings have been recognized by the talent development industry for thought leadership and highlighted in publications such as *Chief Learning Officer Magazine*, *Elearning! Magazine* and *Training Magazine*. We have received industry recognition from Bersin by Deloitte as a “Learning Leader” and won the WhatWorks Award. Our video learning solution was profiled by CEB (now Gartner) as a leading example of enabling workforce knowledge sharing for growth and development. Xerox also was recognized as a learning leader through participation in a White House summit focused on the Upskill America initiative. The commitment to our workforce was referenced in the associated [White House report](#).

# Health, Wellness and Safety

We believe that the health of our business depends on the health and safety of our people. From giving our employees and their families the means to manage their health to making workplaces and commutes safer, we continue to make measurable changes in the lives of our people worldwide.

## Healthcare

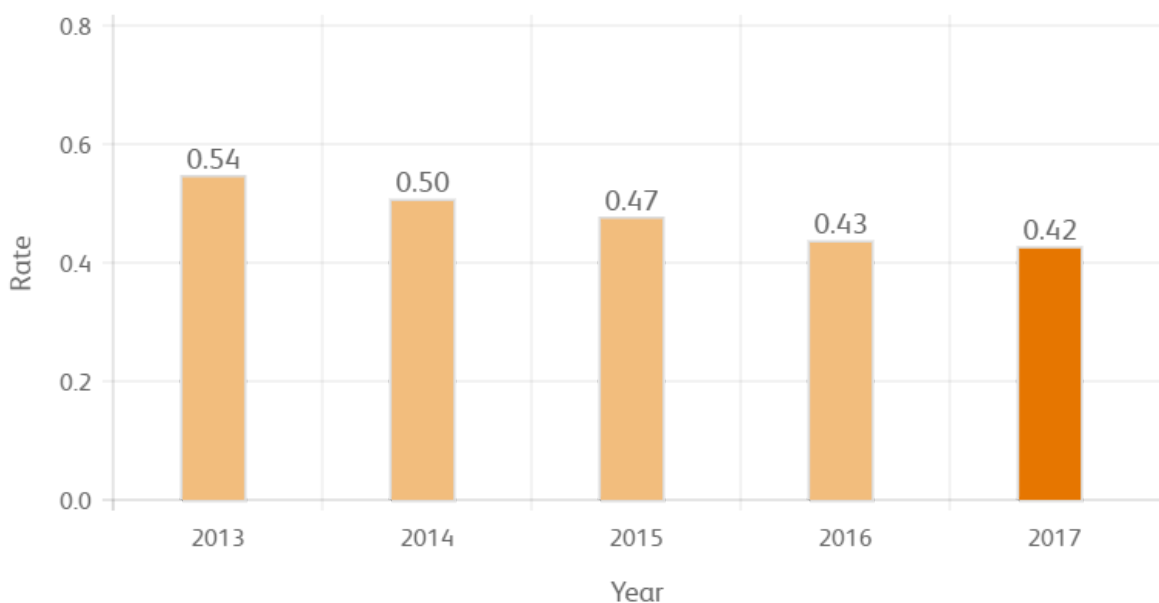
Our healthcare philosophy — Healthy Together — focuses on helping employees and family members make informed healthcare decisions and gives them the tools to manage their health and wellbeing. Employees can also access various health and wellness programs through the healthcare carriers they select. As part of the Healthy Together program, the company provides free, confidential wellness screenings on an annual basis so employees can identify key health risks and work with their primary care physician. Xerox also contracted with various wellness vendors to assist employees in developing action plans to address these risks. We provide easy access to meaningful, timely and relevant information through a single portal, simplifying the experience of choosing and using benefits. Currently, this program is available to employees in the United States.

## Employee Safety

Xerox is committed to maintaining a safe work environment for our people. We strive toward a goal of zero workplace injuries, continually decreasing the frequency and severity of injuries every year. In 2017, our global total recordable injury (TRI) rate decreased by five percent, and our day away from work case (DAFW) rate decreased by two percent from 2016 levels. Overall, these improvements have continued since 2012 and are the result of the increased safety awareness and communications to our employees, and focused safety management processes within our management teams.

We have in place a robust, worldwide incident reporting process. This, in combination with workplace safety inspections and hazard analysis, focuses our safety improvement efforts where we can make the most impact on preventing incidents and where populations are most at risk. Employee safety communications take a variety of forms, given the great diversity in our operations and workplaces. A number of methods are used to keep employee safety awareness high, including site specific hazard management, off the job safety information and communications regarding unique safety concerns that may be endemic to the geography.

## Day Away from Work (DAFW) Rate



<sup>1</sup>Data in this section includes Xerox Technology Operations but excludes Global Imaging Services operations.

## **Safe Facilities**

In order to ensure that all Xerox owned and leased facilities meet our stringent fire and life safety requirements, all real estate transactions are reviewed by the Environment, Health, Safety and Sustainability (EHS&S) organization prior to occupying. Xerox fire safety and life safety requirements were established and are implemented worldwide, regardless of location, size of the facility or occupancy classification. The focus of the safety review is Life Safety requirements, including safe egress in an emergency, fire and incident prevention, early detection, suppression, occupant notification and prompt emergency response. These reviews also ensure that building specific emergency plans are implemented and updated, and that emergency drills are completed at least on an annual basis.

## **Asset Protection and Fire Safety**

The Xerox Asset Protection and Fire Safety Program provides fire-safe workplaces and limits the potential for losses to Xerox equipment and property from fire, explosion and natural hazards, such as windstorms, snow-loading collapse and floods. The program includes periodic inspections, management reviews of findings, and mitigation planning. Our philosophy is to maintain our higher-value locations to a “Highly Protected Risk” standard. In addition, locations are reviewed for conformance to Xerox standards and recognized fire, property and life safety standards. We continue to demonstrate excellent loss control performance and benefit from favorable insurance rates and premiums.

## **Contractor Safety Process**

The goal of the Contractor Safety Program is to ensure contracted work conforms to all applicable regulations and Xerox Environment, Health and Safety requirements. Contractors are qualified to the safety and health requirements prior to beginning work at a Xerox location. Contractors are required to submit a job safety plan, and workers on U.S. Xerox sites must attend a safety orientation session and complete the OSHA 10-Hour Safety course, when appropriate to the job function. Incidents and injuries are tracked both as feedback to the contractor and to measure program effectiveness. Although first established in our Webster, New York, operations, this model has been applied successfully in many of our larger locations.

Xerox also functions as a contractor for many Xerox client accounts. At these sites, we follow our internal safety standards, establish safety plans, deliver specific employee training, and maintain management oversight to ensure our operations meet both Xerox and client requirements.

## **Environment, Health and Safety Project Reviews**

We continually make modifications to our facilities, work processes and operations to improve efficiency and effectiveness. To ensure these changes meet applicable Xerox safety consensus standards and regulatory requirements, projects are reviewed by occupational safety and health professionals. The scope of the project is defined, potential safety and environmental impacts are characterized, and control requirements are established and communicated before the project is initiated. The process serves to inform the engineering and management teams of safety requirements and ensures all project designs have controls integrated into the work plans. The process ensures environmental, health and safety requirements are understood and implemented at the beginning of each project.

## **Audit Program**

A well-established internal audit program measures our success in implementing corporate standards, allows us to share best practices and helps us validate regulatory compliance. Audits at major operations are conducted once every three to five years or sooner, based on performance. The frequency and the focus of the audits are based on the inherent risks associated with the operations.

Xerox audit teams evaluate operations against our internal standards, external regulations and industry guidelines. The teams also evaluate management system performance. With the assistance of the local managers and support staff, action plans are developed and deficiencies corrected. Senior management pays

particular attention to situations with the potential to pose a significant risk of environmental damage, serious injury to employees or regulatory non-compliance. Xerox's audit program is an important mechanism for identifying and correcting performance gaps.

## **Compliance Report**

Our workplaces continue to have exemplary Safety and Health compliance performance. In 2017, there were only three non-serious OSHA citations and no penalties issued. The citations involved minor discrepancies in an employee training documentation, the hazard labeling of one container and the inspection documentation of an eyewash station; all within one of our larger manufacturing operation. All deficiencies were immediately resolved and none resulted in any employee safety consequence.

## **Emergency Preparedness**

Because emergencies and disasters often strike without warning, Xerox has implemented an emergency preparedness and response program to help protect the safety of our employees, the surrounding communities and the environment.

To prepare for emergencies, Xerox facilities worldwide have implemented site-specific Emergency Action Plans to assist with the execution of appropriate actions in response to local emergencies. Our plans account for common emergencies such as responding to fires, for weather-related emergencies such as tornadoes and hurricanes, and for more location-specific emergencies such as responding to earthquakes and radiological emergencies. We also include resources and procedures for first aid medical response in the event of an injury or illness to an employee in our facilities. In our more complex and higher hazard operations, we have Medical Emergency Response Teams (MERTs). These MERT employees are provided with the training and equipment necessary to render quick response to stabilize the medical emergency until more advanced medical support arrives.

Shelter-in-Place procedures have also been implemented to protect our employees from emergency situations that occur outside of our facilities.

In addition to emergency action plans established at the local operation level, there are preparedness plans at the corporate level including major incident response, crisis management and pandemic preparedness. These plans are designed with a central corporate strategy that utilizes an incident command structure. Incident Response Managers are responsible for local/regional tactical and emergency response, coordinating efforts at their respective locations with the Corporate Crisis Management Team and addressing local business operations issues. Response coordination and integration are part of the planning process.

All preparedness plans are routinely tested for effectiveness through management reviews, corporate audits and annual drills. Any discrepancies are noted and corrective actions are implemented. Following an emergency, Business Resumption Plans are put into action to ensure the business operations are quickly restored.

## **Workplace Health Management**

Our workplace health programs include processes for emergency medical response, the characterization of employee fitness for duty, and pre-employment drug testing. In addition, programs are in place for conducting medical exams in connection with safety-sensitive work, and drug testing and immunizations based upon specific work operations and client accounts.

## **Preventing and Monitoring Workplace Exposures**

To protect employees from unsafe exposures to chemicals, noise and radiation, Xerox applies exposure limits to worldwide manufacturing, research and technology service operations based upon the Threshold Limit Values (TLV) recommended by the American Conference of Governmental Industrial Hygienists. These reflect the best advice of a widely respected committee of international experts. However, in jurisdictions where government

regulations are more stringent, Xerox meets those regulatory requirements. For some materials — including toners and certain solvents and metals — Xerox has established exposure limits that are more stringent than the TLV or existing regulations and standards.

Using the Xerox Exposure Assessment process, industrial hygienist and safety professionals monitor, assess and report workplace exposures. Effective process design, engineering controls, safe job procedures and personal protective equipment are utilized to control exposures and protect employee health. Medical surveillance programs are in place to monitor the health of employees working in operations with specific jobs and hazards (e.g., high noise, organic solvents). Results of those medical exams are reviewed by healthcare professionals to ensure employee wellness.

Of the workplace exposures monitored in 2017, all were within regulatory limits. When necessary, inhalation exposures were controlled through the proper use of respiratory protection equipment where additional engineering controls were not feasible.

## Ergonomics

Because musculoskeletal disorders represent a significant portion of our work-related injuries, we work to minimize the risk factors as a job is designed. We study exposure to ergonomic hazards and raise awareness with employees, so they can make improvements to their workstations.

From manufacturing operations to office work, we continue to study the causes and potential remedies for workplace injuries. The following provides some brief highlights:

- **Manufacturing Operations** - Each operating unit is required to complete an “Action Limit Checklist” for all jobs. The checklist helps to identify areas of ergonomic risk as well as being a method to prioritize necessary changes/modifications. In addition, all employees are required to have basic ergonomic training that includes identifying risk factors, injuries most commonly related to poor set-up, and simple strategies for improvement.
- **Machine Service** - Xerox Customer Service Engineers’ (CSEs) exposure to ergonomic hazards has been studied. The findings have helped us select tools and develop procedures to mitigate risk of musculoskeletal disorders. Throughout the equipment design process, evaluations are done to assess risks for our CSEs. The best time to make a modification is when a product is still in the design or early test phases.
- **Office Ergonomics** - Our largest employee population is office-based. Raising awareness and helping employees make effective workstation changes is critical to minimizing risk for this population. We created computer-based training on ergonomics principles and practices. This method of delivery enables employees to go through needed training programs at a time that minimizes business interruptions.

## Motor Vehicle Safety

Motor vehicle safety is a key component of our safety initiatives. We have a company car program that specifies motor vehicle safety requirements for our drivers, and accident prevention and reporting processes. Employee driving records are reviewed on a regular basis, and we provide remedial motor vehicle safety training to improve awareness and competency. Motor vehicle accidents are tracked by frequency and type, and are reported to the management team.

We also participate on fleet safety benchmark forums to keep up to date on the latest motor vehicle safety practices and technologies, and to share Xerox’s best practices with our peers. The use of cell phones in any company vehicle is restricted.

A comprehensive safety review is conducted on any vehicle model prior to it being accepted as part of the Xerox fleet. We review the safety ratings and crash test results of candidate vehicles, and require safety features such as daytime running lights and safety barriers between the driver’s seat and storage areas.

# Employee Rights

At Xerox, we protect the fundamental rights of our employees and respect the laws and customs of the countries where we do business.

We recognize our employees are our greatest asset. We continually strive to provide all our employees with a safe workplace, free from all forms of harassment and discrimination. We have global policies and practices to ensure the highest ethical standards. All our employees are to be treated fairly and equitably regardless of nationality, religion, ethnic origin, gender, sexual orientation, language or any other protected status.

Many Xerox employees are represented by labor unions, trade unions or work councils throughout our global operations. Relationships with these groups are based on applicable laws in each country.

- In Europe, we recognize a variety of work councils and trade unions as established under European labor laws to meet requirements for information and consultation for the protection of employee rights. Union representation ranges from 43 to 100 percent in the following countries: Ireland, France, Austria, Switzerland, Spain, Italy, Netherlands, Germany, Belgium, Norway, Sweden, Denmark, Finland and Luxembourg.
- Union representation in Latin American countries includes Argentina, Brazil, and Chile and ranges from 50 to 100 percent.
- In the U.S. and Canada, we maintain a cooperative and effective relationship with five unions that represent nearly five percent of employees in eight locations: Workers United, the International Union of Operating Engineers (IUOE), Communications Workers of America (CWA), the United Brotherhood of Carpenters, and the Service Employees International Union (SEIU) through a Cooperative Agreement with Workers United.

## Operational Changes to Collective Agreements

In the U.S., the notification periods required for operational changes are specified in collective bargaining agreements and vary depending on the location and type of change. As a default, each agreement contains a “duration clause,” which provides that if either party desires to make changes to the agreement before its termination, written notice must be given 60 days prior to the expiration date.

## Grievance Processes

Each collective bargaining agreement in the U.S. includes a provision allowing for unions to file grievances. The number of steps in the grievance process, however, depends on each collective bargaining agreement, with the final step being binding arbitration.

## Total Rewards (Compensation and Benefits)

At Xerox, our success depends on attracting and sustaining a healthy and productive global workforce. Globally, we provide our people with a comprehensive Total Rewards package which includes a variety of compensation and benefit offerings.

We believe our programs should achieve the following objectives:

- Drive shareholder value: support our business strategy and culture;
- Align with performance: align our people’s interests with our shareholders thus incentivizing the right behaviors;
- Support our talent strategy: attract, retain and motivate a productive workforce

We benchmark our programs to understand our competitiveness against the market and our peers. As a result, annually, we review and make changes to our compensation and benefits programs to achieve these objectives.



As with most global companies, compensation and benefits vary by location according to local regulations, market conditions or practices, and business objectives. Our compensation offerings may include the following, depending on eligibility: base pay, short-term incentive pay and long-term incentive pay. Our benefit offerings may consist of the following: health insurance and services, life and accident insurance, holiday and leave programs and retirement programs.

Performance, both at the individual and company level, matters. We have an integrated Performance Management and Compensation strategy and process, that drives our desired cultural behaviors, business results and high performance. This key company process that touches nearly every one of our people globally, enabling them to achieve their stated objectives and earn appropriate rewards. Ultimately, we believe that when the “company performs well then we all benefit” – in the form of development opportunities as well as greater compensation.

For more information, please see <https://www.xerox.com/en-us/jobs/employee-benefits>

## Employee Engagement

Xerox is committed to fostering open communication between employees and management — from one-on-one conversations to company-wide engagement activities. Engagement requires open, two-way communication, clearly articulated goals and unambiguous expectations. It demands shared values and well-understood reward systems. Engagement is an ongoing journey, not a final destination.

Open dialogue has always been a priority, and for the past 48 years Xerox has been at the forefront of actively surveying our employees. Leveraging employee feedback — from the Employee Engagement Surveys, the Voice of the Employee Surveys or the more recent 2017 Culture Survey — strengthens the communication channel between the company and employees, ensures a better experience with our clients and customers, and helps create an effective and motivating work environment where we all can thrive.

Our employee engagement goal is to tap into the knowledge, creativity and enthusiasm of our people — at all levels — who care so deeply about this great company. Together, we are rallying the organization around the right plan for our future, with clear direction, straight talk, and the required tools to get the job done for our customers.

# Putting Customers First

## Safe Products and Services

### Customer Health and Safety

Safety always has been a cornerstone of our work in product development. Our comprehensive Product Safety Plan details our health and safety requirements, and all Xerox imaging equipment is assessed for conformance to these standards. We evaluate all potential health and safety hazards, including the ways different hazards may interact. Furthermore, we take a conservative position on the potential health risks to our employees and customers, always meeting or exceeding government safety regulations.

Customers are encouraged to review product safety information and understand the environmental profile of our devices. User guides contain information regarding safe use as well as any applicable hazard warnings. Our Product Safety Data Sheets (PSDS) offer environmental, health and safety information for each Xerox device. Safety Data Sheets (SDS) identify hazards associated with specific materials and describe how they can be safely handled, used and stored. Both our SDS and product labeling have been updated to meet the requirements of the Globally Harmonized System of Classification and Labeling of Chemicals (GHS) as implemented through regulations in our various markets. Customers can access PSDS and SDS in multiple languages at [www.xerox.com/environment](http://www.xerox.com/environment).

We have robust processes for tracking regulatory violations and non-conformity with voluntary codes and labels. In 2017, no such instances resulted in fines or sanctions. We also have a comprehensive process in place for tracking customer concerns and other field events. All customer issues, such as incidents involving component failures and other potential safety concerns, are investigated carefully to determine the root cause, as well as monitored to discover trends. Corrective actions are implemented as necessary.

### Materials

We have made a long-term commitment to eliminate the use of persistent, bio accumulative and toxic materials throughout our supply chain by applying strict internal standards and tightly managing chemicals. Our supplier requirements periodically are updated as regulations change, and new information becomes available. All new product designs refer to these requirements, and suppliers are expected to verify their compliance with them. Learn more at [www.xerox.com/environment](http://www.xerox.com/environment).

Toxicologists conduct a comprehensive assessment of new materials in our products to ensure conformance with applicable global registration, hazard communication, and waste handling and disposal requirements. As a result of our stringent requirements, Xerox toners and printing products are non-carcinogenic and non-mutagenic. In addition, these products do not: cause adverse developmental or reproductive effects; pose a toxicity hazard to humans or aquatic species; cause a permanent adverse impact to the skin, eyes or respiratory system; or have the potential to generate federally regulated hazardous waste. We were the first in our industry to evaluate the health effects of toner and have done so for over 30 years.

Our requirements for minimizing toxic materials govern our product design and materials selection. We have re-engineered or eliminated processes to dramatically reduce the use of toxics and heavy metals, and have made substantial progress in eliminating the use of mercury. Mercury-containing lamps that scan images and backlight user displays are being phased out as alternatives become available.

Our safety and supplier processes enable us to meet global regulations governing chemical use. Since 2007, Xerox's newly launched products have been designed to meet the European Restriction of Hazardous Substances (RoHS) requirements in all markets. However, where regulations allow, some products may contain parts with small amounts of RoHS substances in order to avoid premature disposal of existing parts that have usable life.

Similar types of legislation continue to be implemented in many other market regions. Through our proactive regulatory tracking process, we expect to be fully compliant with all aspects of these regulations as the provisions become effective and applicable. In 2017, we reported no issues with noncompliance to RoHS.

## **Ergonomic Design**

We consider the ergonomic aspects of our products from both a user and service standpoint to ensure inclusion and operability. Our design teams take into account all points of human interface, including product's height, curves and placement of touch screens and paper trays. We also place a high value on the end-user experience through human factors, industrial design and user interface design to promote ease-of-use, ease-of-learning and transfer of learning. Product design teams work directly with customers in our labs to test and continually improve the usability of new products.

## **Machine Emissions**

Consistent with the world's most stringent ecolabels, we design products to control emissions of chemicals and noise. As a result, current products have achieved chemical emission levels that are well below global regulatory requirements — often at or near the detection limit of our measurement equipment — and are considered to have a negligible impact on customers' work environments. We publish emissions data for our products on our PSDS.

## **Toner Study**

Xerox concluded two comprehensive investigations that lasted more than three decades on the health risks of inhaling xerographic toner. These studies included assessments of the health of current employees and the causes of death for people who worked for the company between 1960 and 1982. The analysis demonstrated that the health and mortality patterns of Xerox employees were consistent with a healthy working population and, in fact, our employees had a lower rate of disease (i.e., were healthier) than the general population. In October 2010, the mortality study was published in the peer-reviewed Journal of Occupational and Environmental Medicine.

## **Third-Party Supplies Sold by Xerox**

Xerox sells imaging supplies through its distribution network that are manufactured by other companies for use in other Original Equipment Manufacturer (OEM) printers. Manufacturing processes combine patented and patent-pending technology, environmental management principles and proven waste prevention manufacturing and recycling processes. We thoroughly review these supplies to ensure compliance with appropriate regulatory requirements. In addition, we assess them against our own stringent standards. The results of these reviews ultimately determine which products carry the Xerox brand. Information is provided on Safety Data Sheets (SDS), which meet the requirements of the Globally Harmonized System of Classification and Labeling of Chemicals (GHS) as implemented through regulations in our various markets.

## **Accessibility and Mobility**

In the print industry, Xerox was the first in many ways to design products that are accessible as well as easy to operate by all users, including people with disabilities. Our dedicated team of design professionals upholds that commitment for the products and services we provide.

To make our systems accessible for people with disabilities, Xerox has developed several accessories, such as angled consoles, Braille console labels, magnifying lenses for visually impaired users and "start print" foot switches. We design software for embedded web servers and print drivers to be compatible with screen readers to enable people with visual impairments to operate them. On an ongoing basis, we strive to improve our performance around accessibility and adapt products so that ease of use is not compromised.

Xerox stepped forward in 1998 when Congress amended Section 508 of the U.S. Rehabilitation Act of 1973. We developed solutions to adapt our technology for use by government workers who are disabled. We also established a rigorous process to evaluate our products' compliance to meet Section 508 accessibility requirements. In the near future, Section 508 rules will change, and new input is expected to come from the European Union and the Far East.

Learn more about our efforts pertaining to [Section 508](#) accessibility requirements.

Our focus on increased mobility has expanded with the anywhere, always-on enterprise. We're enabling enterprises to manage a complex infrastructure as employees are bringing their own devices to work and demanding the same seamless, secure ability to find, use and print business documents. Xerox technology, such as mobile print solutions, is enhancing easy access to information.

## Customer Satisfaction

Our customer experience is the key to our success. By listening to customers and enhancing our work based on their input, we are able to develop both meaningful relationships and quantifiable analytics to continuously improve our programs and processes.

### Relationship Surveys

Through relationship surveys, we ask our customers and partners about their experiences working with Xerox. The surveys identify levels of customer satisfaction with our products, services and support. The feedback helps us determine which improvements are most likely to bolster customer value and help differentiate us from the competition. We follow a rigorous management process to ensure customer feedback is addressed at multiple levels with full accountability by the business.

### Transactional Surveys

We employ transactional surveys to monitor satisfaction with our products and services. These surveys help us to diagnose root causes of complex issues. Transactional surveys also tell us if we have achieved the objectives of our service-level agreements and if our customers are satisfied with individual interactions.

We offer a survey on our Support & Driver website that identifies customer satisfaction and purpose for visiting the site, as well as gathering verbatim feedback. The participation level is less than one percent of the site visitors, but we can extract from the data areas of opportunities for customer experience on our Support site. We are in the planning cycle to update the user experience to increase the customer's ability to locate the plethora of content available.

### Tracking Customer Satisfaction

Our global customer experience platform includes survey features and functions, as well as advanced analytics capabilities, which drive progress in our customer experience program through better insights and closed-loop follow-up. In addition, the centralized platform provides a basis for governance and measurement process oversight.

### Social Media

We have several customer support social media offerings, enhancing the online support experience and providing new ways for customers to engage with Xerox Support in the U.S.

- The [Xerox Support Community](#) offers a peer-to-peer forum where customers and other industry professionals can collaborate about Xerox equipment and software. Customers may also access this online community with their mobile devices, enhancing their support experience with social networking on the go.

- The [At Your Service](#) blog provides customers with a light hearted and insightful look into equipment features and services.
- Xerox's latest support news is shared with followers of the [@XeroxSupport](#) Twitter handle. Customers may also engage with us for product information and technical assistance.
- The [Xerox Support YouTube](#) site is the most recent addition. It contains product videos to help with device questions and edification.

We actively listen to, and engage in, conversations generated by consumers in public forums and social media. This enables us to better understand consumers' experiences with our products and processes, and their perceptions of our brand. Social media listening focuses on individual, publicly available conversations and provides insight into the impact of our products, processes, people, innovations and communications.

We frequently see an increase in likes and retweets of our blog articles as customers find them very helpful. We listen to our customers and have begun a design effort to improve the customer experience on our Support website. As mentioned, some enhancements include, the [Xerox Support YouTube](#) site, the ability to see the service status. More enhancements will be integrated on the site so keep checking to see what's new.

## **Xerox Corporate Focus Executive Program**

The Xerox Corporate Focus Executive Program fosters relationships with our top corporate accounts. A senior Xerox executive is assigned to collaborate with our account team to understand customer requirements, establish and implement strategic account plans, marshal resources to eliminate customer concerns and build strong, productive customer partnerships that enhance customer satisfaction and accelerate revenue growth.

## **Executive Customer Care Program**

For more than 20 years, our corporate officers have volunteered in rotation as "Customer Care Officer of the Day." The program provides customers the opportunity to share their concerns with our senior leaders. It also gives our executives a unique opportunity to hear from a broad range of customers first-hand.

The officer, supported by a team of dedicated professional problem solvers, assumes personal responsibility for assisting with any and all customer concerns. The Officer of the Day has three main priorities: listen to the customer, address the customer's problem and take the necessary action to fix the underlying cause. It is a time-honored commitment to our customer focus.

## **Data Privacy**

At Xerox, we take the utmost care to prevent the unauthorized use or disclosure of information our customers, employees and vendors provide. Our Office of General Counsel works internationally with data privacy experts in our Information Management, Information Technology, Ethics, Risk Management, Corporate Security, Human Resources and Product Development groups to develop, maintain and enforce robust privacy and information security policies and practices at Xerox.

Our success depends directly on the confidence our customers have in the capability, performance and security of our products and services. To ensure this, we have policies and controls in place to provide privacy protection for personally identifiable information maintained by Xerox. Our policies follow industry best practices, including the use of encryption technology and data loss protection software.

Additionally, we research and monitor the data-protection laws in the countries where we do business to ensure that we comply with applicable requirements. For example, we comply with the following international laws where applicable:

- Canadian Personal Information Protection and Electronic Documents Act
- European Union Directive 95/46/EC on the protection of personal data
- EU General Data Protection Regulation (GDPR)

- Applicable U.S. federal and state privacy laws

Adherence to Xerox policies are enforced through a combination of technical and manual safeguards on our systems and facilities, as well as through violations against employees. Annual training regarding ethics, privacy and security is required of all employees. Additional specialized privacy training is required for certain roles, and numerous training programs are available for employees to take on their own initiative. An Ethics hotline (available publicly and intra-company) and an Incident Response hotline (available intra-company) are for reporting alleged violations for investigation by dedicated, cross-disciplinary teams.

Read more about [Xerox privacy policies](#).

## Cyber Security

Cyber-attacks pose a threat to our customers, our employees, and our partners — in short, our very business. That's why we're always on the alert, working to stop hackers who would deface our website or gain access to sensitive information. We have comprehensive plans to deal with sophisticated threats, such as organized cyber criminals, cyber-espionage groups and even state-sponsored intrusion.

Our cybersecurity strategy has five major components:

### Data-centric Protection

– We use data segregation, encryption and data-loss-prevention technologies to ensure safe and secure processing and sharing of critical information. In addition, all data is classified according to its sensitivity. This classification process enables us to understand the relative importance of securing each dataset and make an informed business decision about the level and allocation of resources required.

### Standards-based Management

- By following industry-standard cybersecurity guidelines, we ensure our processes are repeatable, predictable and easily understandable.

Of the numerous cybersecurity control frameworks, we chose to implement both ISO 27000 and the National Institute of Standards & Technology Cybersecurity Framework:

- **ISO 27000 Information Security Management System** — this international standard defines “requirements for establishing, implementing, maintaining and continually improving an information security management system.” We incorporate ISO 27000 as a normal part of our business processes. Independent auditors have certified many of our systems and data centers as ISO 27000-compliant.
- **National Institute of Standards and Technology Cybersecurity Framework** — created through collaboration between industry and government, this framework protects networks and infrastructure. The prioritized, flexible and scalable approach helps us manage cybersecurity-related risk in a cost-effective manner. This framework already has proven useful to predict, detect, disrupt or deter, respond and recover valuable data.

Capability maturity assessments performed by independent parties and benchmarking with other companies find our implementation to be sound, relevant and aligned with industry standards.

### Continuous Assessment

We utilize a combination of evidence-based assessments, vulnerability scanning and penetration tests to validate that our data protection is effective and to ensure controls are operating properly on an ongoing basis.

## Cybersecurity Incident Response

We have emergency response procedures in place throughout our business. If we were to encounter an attempted cybersecurity attack, we would take the following actions:

- Identify whom to notify internally
- Establish a multidiscipline virtual response team
- Implement monitoring protocols and egress prevention
- Estimate the extent of the compromise
- Coordinate with legal counsel and insurance carrier
- If necessary, notify legal authorities

These steps provide a general framework; business units have detailed plans tailored to their needs. We perform tests to assess our operational and managerial readiness on a regular basis.

## Cyber Risk Management

Recent high-profile breaches in the media demonstrate that any organization can suffer a cyber attack. When this occurs, there may be costly consequences — such as regulatory fines or purchasing identity-theft monitoring for affected parties. Many companies invest in Errors & Omissions or Cyber Liability Insurance to mitigate this risk.

Many insurance carriers and underwriters assess the level of risk when determining insurance rates. Xerox, as well as other companies, has received reduced premiums and/or more favorable policy limits by implementing effective cybersecurity management.

Cybersecurity is not solely the responsibility of the IT Department. By collaborating across our company, we effectively manage risk, reduce the likelihood, limit the impact of exposure and enable quick recovery from any attack on our infrastructure, networks and systems.

# Supplier Relations

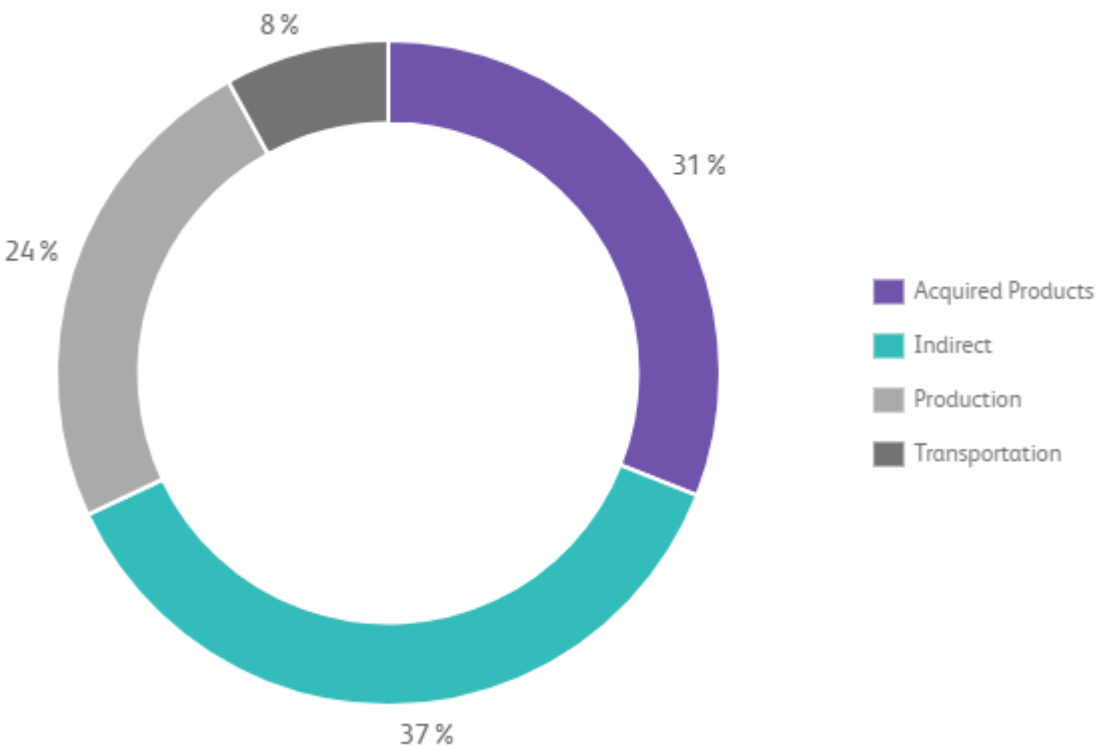
As a major organization spending approximately \$5 billion per year to support our operations, we recognize an obligation to actively manage our global supplier base and ensure these critical partners meet our high social, environmental and ethical standards. As a part of the purchasing process, we assess the quality, cost, delivery and sustainability of all products and services whether we purchase from North America, Europe or Asia. We source, contract and purchase everything from transportation to raw materials and components. Our local presence in these regions leads to our direct interaction with our suppliers.

Our approach is to source from suppliers that are geographically located near our purchasing, manufacturing and distribution operations. We describe these suppliers as “local”. In the U.S. and Canada, approximately 73 percent of spend is from local suppliers; in Europe 86 percent and in Asia 48 percent.

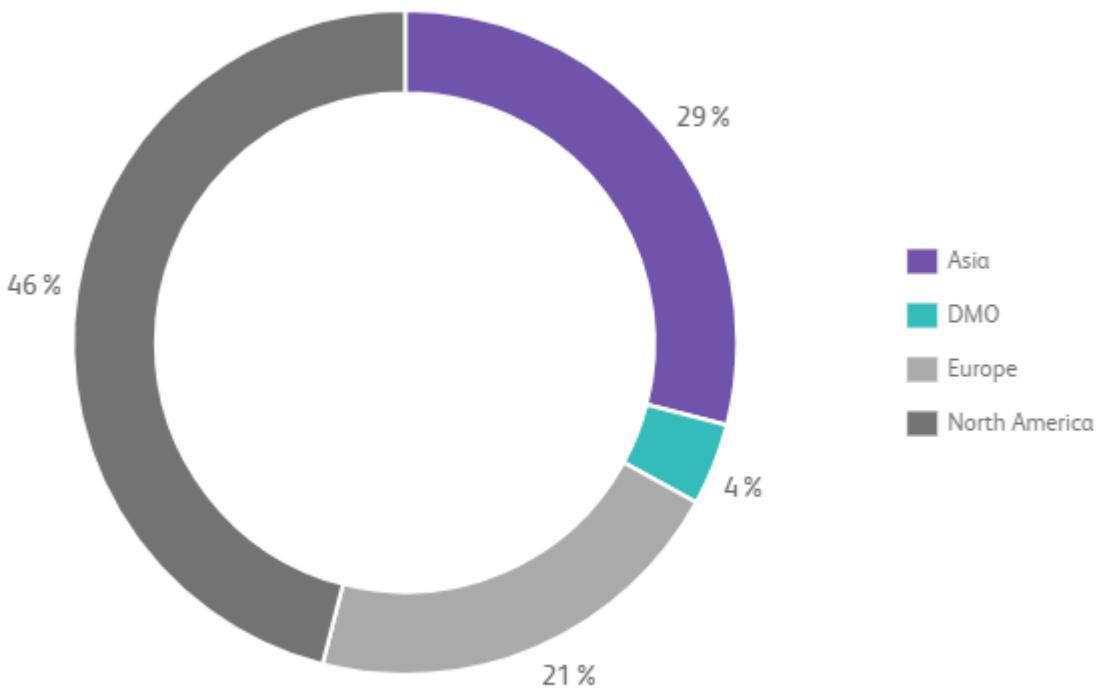




Xerox Full Year 2017 Supplier Spend - \$5.0 Billion



Xerox Full Year 2017 Supplier Spend by Region



In 2017, we sourced the vast majority of our needs from the partners listed below.

Name of Company	Sustainability Site	Sustainability Report
Fuji Xerox Co. Ltd.	<a href="#">Fuji Xerox Sustainability</a>	<a href="#">2017 Sustainability Report</a>
flextronics International	<a href="#">flextronics Social Responsibility</a>	<a href="#">2017 Corporate Social Responsibility Report</a>
Samsung Electronics	<a href="#">Samsung Sustainability</a>	<a href="#">2017 Sustainability Report</a>

## Supplier Code of Conduct

Our supplier code of conduct and compliance program are the primary tools we use to instill improved social, environmental and ethical governance practices in our supply chain, as warranted.

Xerox joined the Electronic Industry Citizenship Coalition (now known as the Responsible Business Alliance or RBA) in 2008 to strengthen our approach for managing corporate social responsibility across the supply chain. Over the years as an RBA member, Xerox participated on the Board of Directors and workgroup initiatives of the RBA. All RBA members are accountable to a common code of conduct for social, environmental and governance of its operations and its suppliers. Xerox enforces the Code by including terms and conditions in purchase agreements and contracts, and requiring suppliers to represent and warrant their compliance with all applicable laws and regulations for the sale of goods/materials to Xerox. We perform risk assessments and require suppliers to participate in the Xerox Compliance Program. Annually, we remind our suppliers of their contractual requirements.

The Xerox Compliance Program includes the following components:

- An initial risk assessment is conducted to determine suppliers that pose higher corporate social responsibility risks. Suppliers classified as high-risk and those considered critical to our supply chain are required to complete a Self-Assessment Questionnaire (SAQ) annually. If significant risks are indicated on the SAQ, then Xerox will schedule an audit of that supplier. The SAQ also serves to raise suppliers' awareness about the importance of social responsibility topics, clarify Xerox's expectations, target areas for review, and document suppliers' assessment of their performance. Annually and based on the assessments and questionnaires from the prior year, we select suppliers for compliance review or on-site audit.
- Post-audit, all suppliers are provided a written performance assessment. Corrective action plans are agreed upon for significant findings of potential risk. Closure audits are performed to validate progress.
- Xerox evaluates the number of supplier audits conducted each year based on business risk, geographic region, non-conformities and available resources.
- All audits ("on-site visits") are conducted by trained Xerox employees that follow a standard process. Xerox utilizes the RBA audit format to evaluate key critical sustainability areas, including but not limited to, labor practices, freedom of association, child labor, forced labor, human rights, recruitment fees, passport seizure and environmental concerns.
- Since 2010, Xerox has conducted over 350 SAQs and has audited over a hundred suppliers. More than 60 percent of them showing improvement on closure of corrective actions assigned during initial audits in the categories of labor, health & safety, environmental, ethics and management systems elements of their operations.
- In 2017, Xerox conducted 15 SAQs as well as 37 announced, on-site audits of suppliers representing more than 75 percent of our direct spend. Year over year, significant findings were reduced by a minimum of 50 percent in the various categories.
- The 2017 priority non-conformances in the labor category were related to the inability to verify policies regarding recruitment fees for migrant workers. Corrective actions included implementation of policies, educating workers regarding their rights, and setting up grievance processes.
- Major non-conformances in the category of occupational health and safety were due to inadequate emergency preparedness and physically demanding work that poses risk of serious injury. Causes of workplace injuries were identified and mitigated, and adequate emergency preparedness programs were implemented.

- A priority non-conformance in the environmental category was for inadequate storm water management posing a risk of contamination to nearby water sources. Corrective actions that included operational controls and on-going analysis of impacts were implemented.
- Xerox global procurement and corporate security organizations screen all production suppliers and significant indirect suppliers to assess compliance with global anti-bribery laws and regulations, including but not limited to, the U.S. Foreign Corrupt Practices Act and U.K. Bribery Act. If a supplier is found to have violated applicable laws or contract terms and conditions, Xerox reviews each situation on a case-by-case basis and determines the necessary course of action (e.g. terminate supplier relationship, instruct supplier to make corrective actions, etc.).

## Business Performance and Reviews

We review suppliers' performance against expectations and contractual requirements, prioritizing based on business risk and revenue impact. Suppliers with the highest business risk and potential revenue impact are considered "critical" and are required to maintain an acceptable business resumption plan. We inspect these plans on a regular basis.

Revenue risk criteria include:

- Revenue at risk
- Annual supplier spend and total contracted value
- Impact to product lifecycle management
- Extent of the impact to related subsystems and product portfolio

Business risk criteria include:

- Whether a supplier is a single source
- Length of time to resume to business after an adverse event
- Percent of revenue that Xerox represents to the supplier
- Financial stability of the industry and the supplier
- Probability and severity regarding natural disasters, climate change impacts and/or political turmoil

## Conflict Minerals

We are committed to improving mining conditions associated with sourcing goods and materials containing conflict minerals (e.g. tin, tantalum, tungsten, gold, etc).

- Xerox has an extensive [Conflict Minerals Policy](#).
- We publish our Due Diligence activities in our yearly [Conflict Minerals Policy](#).
- Our internal processes incorporate the Organisation for Economic Co-operation and Development (OECD) framework for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.
- We are an active member of the RBA and the Responsible Minerals Initiative, formerly known as the Conflict-Free Sourcing Initiative (CFSI).
- We use the Responsible Mineral Initiative (RMI) Conflict Mineral Reporting Template (CMRT) to survey our supplier base regarding conflict-free mineral usage.
- We support the Responsible Mineral Audit Program (RMAP), which independently audits smelters and refiners to determine if they have a system in place to assure compliant sourcing of conflict-free minerals.
- Our supplier contract template includes a specific reference to conflict-free minerals to ensure responsible sourcing in our supply chain.
- We filed [Form SD](#) with the SEC for 2017 on May 15, 2018.

## Supply Chain Security

The Xerox brand is known worldwide for delivering industry-leading document technology, services and solutions. Counterfeit parts and supplies misrepresent the quality of our products and pose a serious threat to our reputation.

- We have rigorous processes to identify and eliminate counterfeit supplies and components from our supply chain. Read our [Anti-Counterfeiting Statement](#). Xerox genuine supplies also are microchip (CRUM) protected for use with Xerox products.
- We source from a base of trusted and established suppliers (and their authorized distributors) who have been through our comprehensive vetting system.
- We seek warranties guaranteeing authenticity and quality; among other benefits, this practice mitigates obsolescence.
- Suppliers wanting to substitute an item different than originally agreed upon, are required to seek approval from our Global Procurement and Engineering groups.
- We've built security controls into our supply chain to help ensure the uninterrupted flow of products from the point of manufacture to the customer.
- We continuously monitor 100 percent of our direct and critical indirect suppliers to ensure compliance with global anti-bribery laws and regulations, including but not limited to, the U.S. Foreign Corrupt Practices Act (FCPA) and the U.K. Bribery Act.
- We are a certified participant of the U.S. Customs and Border Protection Customs-Trade Partnership Against Terrorism (C-TPAT) and the E.U. Authorized Economic Operator (AEO) program in the Netherlands and Ireland. As part of these memberships, we've adopted specific criteria for both our Supplier Security Requirements and internal security policies and standards.
- We have an ongoing assessment program to monitor compliance of high-risk suppliers as well as internal locations. We belong to the Transported Asset Protection Association (TAPA).

Xerox global procurement operations is platinum-certified to the Chartered Institute of Procurement and Supply (CIPS) in the area of procurement excellence through processes and procedures. In 2012, Xerox was the first organization globally to achieve CIP gold certification. The Platinum Certification signifies world-class levels in all aspects of ethical, sustainable and strategic procurement when measured against [CIPS' internationally respected standards](#) structured around leadership and organization, strategy, people, processes and systems, and performance measurement and management.

In 2017, CIPS completed a periodic reassessment of Xerox's strategic procurement program against the standards set forth in the Platinum Certification and concurred that Xerox continues to display world-class procurement practices required to maintain this advanced CIPS certification.

Through the certification process, Xerox global procurement identified and validated best practices, areas for improvement, and gained an unbiased measure of organizational performance against benchmark industry criteria.

## Supplier Diversity

We proactively identify and seek to work with certified small and diverse businesses. A diverse supplier pool is a competitive advantage and a powerful business tool. We are committed to:

- Actively seeking certified diverse suppliers that can provide competitive, high-quality goods and services and whose business models align with our business strategy
- Ensuring the inclusion of diverse suppliers as a part of our strategic sourcing and procurement process
- Communicating the value of supplier diversity both internally and externally to all stakeholders
- Leveraging our supplier diversity results to meet our clients' supplier diversity requirements

Several independent groups have recognized Xerox as having outstanding supplier diversity.

[Learn more about the awards we have received.](#)

Supplier Diversity adds value to the supply chain and increases our competitive position. Xerox is rich in culture from our global workforce, customers, shareholders and suppliers. We know that these initiatives give us our competitive advantage and help us to maintain our leadership position.

See our [CEO Supplier Diversity Commitment Letter](#). We take part in several efforts with the goal of increasing diversity and inclusion in different business areas:

- We are an active member of the New York/New Jersey National Minority Supplier Development Council (NMSDC) and the Women's Business Enterprise National Council. We participate in various national and regional conferences, matchmaker events and forums, which promote business with small and diverse businesses.
- The Inclusion Initiative is committed to identifying and increasing opportunities for minority-and women-owned (MWBE) law firms. Since joining the Initiative in 2011, we have continuously exceeded and increased our annual goals for spend with MWBE firms.
- More information is available at [www.xerox.com/supplierdiversity](http://www.xerox.com/supplierdiversity).

Current and potential vendors can learn more about supplier diversity, supplier quality assurance and supplier ethics by visiting our [Supplier Relations page](#).

## ABOUT THIS REPORT

# How We Report

In this report, we identify our process for prioritizing corporate social responsibility (CSR) topics that are relevant to our stakeholders and business. For our most material priorities, we include a description of our management approach including Xerox policies and programs through August 2018, unless otherwise noted. We also share the methods we use to evaluate our effectiveness in managing these topics. That often includes internal and external feedback we have received throughout the year. With this feedback and upon changing external dynamics, we modify our approach.

We are a performance-based, data-driven company in all areas, including CSR. We set goals, engage with stakeholders, join initiatives to make an impact and track our progress. In this report, we share this information. Throughout the year, we communicate updates on Xerox.com and social media (Xerox Facebook and Twitter accounts), external speaking opportunities with trade associations, industry consortiums and executive customer engagements.

This report is in accordance with the core reporting requirements of the Global Reporting Initiative (GRI) Standards. A table linking the content of this report to the GRI Standards can be found [here](#).

Much of the information in this report reflects the activities of Xerox in the countries where we do business. Some of our systems for collecting and reporting reliable social and environmental data, however, are for select operations. Where appropriate, we identify operations excluded from specific disclosures. Environmental data in this report is normalized to our financial performance utilizing company revenues as reported using Generally Accepted Accounting Principles (GAAP). Energy and GHG emission data provided in this report was verified by a third party.

## ABOUT THIS REPORT

# CSR Contacts

If you have questions or comments about any of the topics covered in this report, here's how to reach us.

Xerox Corporation

[www.xerox.com](http://www.xerox.com)

201 Merritt 7

Norwalk, CT 06851-1056

United States

203.968.3000

Products and Services

[www.xerox.com](http://www.xerox.com)

800.ASK.XEROX (800.275.9376)

Xerox Philanthropy

[www.xerox.com/en-us/about/corporate-citizenship/philanthropy](http://www.xerox.com/en-us/about/corporate-citizenship/philanthropy)

Michele Cahn, Vice President, Global Government Affairs, Sustainability, Citizenship & Compliance

202.414.1288

[michele.cahn@xerox.com](mailto:michele.cahn@xerox.com)

Global Diversity and Inclusion Programs and EEO-1 Reports

[www.xerox.com/diversity](http://www.xerox.com/diversity)

Beverly Stallings-Johnson

Global Diversity and Inclusion Leader

614.861.1974

[beverly.stallings-johnson@xerox.com](mailto:beverly.stallings-johnson@xerox.com)

Minority and Women Owned Business Suppliers

[www.xerox.com/supplierdiversity](http://www.xerox.com/supplierdiversity)

Ethics Helpline

North America: 866.XRX.0001

International numbers and online submission tool

[www.xerox.com/ethics](http://www.xerox.com/ethics)

Environment, Health, Safety and Sustainability

[www.xerox.com/environment](http://www.xerox.com/environment)

Governance

[www.xerox.com/governance](http://www.xerox.com/governance)

Students and Educators

View openings/internships and apply: [www.xerox.com/careers](http://www.xerox.com/careers)

All other questions: [StudentTeacherRequests@xerox.com](mailto:StudentTeacherRequests@xerox.com)

Xerox Innovation  
[www.xerox.com/innovation](http://www.xerox.com/innovation)

Comments on this report can be sent to:  
[citizenship@xerox.com](mailto:citizenship@xerox.com)



## ABOUT THIS REPORT

# Global Reporting Initiative G4 Index

Xerox reports in accordance with GRI G4 Sustainability Guidelines for core reporting. Information about GRI is available at [www.globalreporting.org](http://www.globalreporting.org).

Disclosure	URL and/or Section
<b>GRI 102: General Disclosures 2016</b>	
102-1 Name of the organization	Xerox Corporation
102-2 Activities, brands, products, and services	<a href="#">2017 Form 10-K</a>
102-3 Location of headquarters	Norwalk, Connecticut
102-4 Location of operations	<a href="#">Xerox Worldwide Locations</a>
102-5 Ownership and legal form	<a href="#">Xerox Corporation Ownership Summary</a>
102-6 Markets served	<a href="#">2017 Form 10-K</a>
102-7 Scale of the organization	<a href="#">2017 Form 10-K</a>
102-8 Information on employees and other workers	<a href="#">CSR Goals and Progress Summary</a>
102-9 Supply chain	<a href="#">Supplier Relations</a>
102-10 Significant changes to organization and supply chain	<a href="#">2017 Form 10-K</a>
102-11 Precautionary principle or approach	<a href="#">Safe Products and Services</a>
102-12 External initiatives	<a href="#">Framework</a>
102-13 Membership of associations	<a href="#">Framework</a>
102-14 Statement from senior decision-maker	<a href="#">Letter to Stakeholders</a>
102-15 Key impacts, risks, and opportunities (not required for reporting in accordance with GRI core requirements)	<a href="#">2017 Form 10-K</a>
102-16 Values, principles, standards, and norms of behavior	<a href="#">Doing Good Business</a>
102-17 Mechanisms for advice and concerns about ethics (not required for reporting in accordance with GRI core requirements)	<a href="#">Doing Good Business</a>

Disclosure	URL and/or Section
102-18 Governance structure	<a href="#">Framework</a> <a href="#">2017 Form 10-K</a>
102-40 List of stakeholder groups	<a href="#">Framework</a>
102-41 Collective bargaining agreements	<a href="#">Evolving the Workplace</a>
102-42 Identifying and selecting stakeholders	<a href="#">Framework</a>
102-43 Approach to stakeholder engagement	<a href="#">Framework</a>
102-44 Key topics and concerns raised	<a href="#">Framework</a>
102-45 Entities included in the consolidated financial statements	<a href="#">2017 Form 10-K</a>
102-46 Defining report content and topic boundaries	<a href="#">Framework</a>
102-47 List of material topics	<a href="#">Framework</a>
102-48 Restatements of information	<a href="#">2017 Form 10-K</a>
102-49 Changes in reporting	<a href="#">2017 Form 10-K</a>
102-50 Reporting period	2017
102-51 Date of most recent report	October 2017
102-52 Reporting cycle	Annually
102-53 Contact point for questions regarding the report	<a href="#">CSR Contacts</a>
102-54 Claims of reporting in accordance with the GRI Standards	<a href="#">How We Report</a>
102-55 GRI content index	This table
102-56 External assurance	We conduct limited assurance of specific key performance indicators such as GHG emissions and energy. Please see <a href="#">Responsible Operations</a> for detail.
103-1 Explanation of the material topics and its boundaries	<a href="#">Materiality</a> <a href="#">Responsible Operations</a> <a href="#">Innovation for Sustainable Products and Services</a> <a href="#">Xerox Philanthropy</a> <a href="#">Evolving the Workplace</a> <a href="#">Supplier Relations</a>

Disclosure	URL and/or Section
103-2 The management approach and its components	<a href="#">Responsible Operations</a> <a href="#">Innovation for Sustainable Products and Services</a> <a href="#">Xerox Philanthropy</a> <a href="#">Evolving the Workplace</a> <a href="#">Supplier Relations</a>
103-3 Evaluation of the management approach	<a href="#">Responsible Operations</a> <a href="#">Innovation for Sustainable Products and Services</a> <a href="#">Xerox Philanthropy</a> <a href="#">Evolving the Workplace</a> <a href="#">Supplier Relations</a>
201-1 Economic performance	<a href="#">Responsible Operations</a> <a href="#">Innovation for Sustainable Products and Services</a> <a href="#">Xerox Philanthropy</a> <a href="#">Evolving the Workplace</a> <a href="#">Supplier Relations</a>
204-1 Procurement practices	<a href="#">Supplier Relations</a>
302-1 Energy consumption within organization	<a href="#">Responsible Operations</a>
302-1 Energy consumption within organization	<a href="#">Responsible Operations</a>
302-2 Energy consumption outside organization	<a href="#">Responsible Operations</a>
302-3 Energy intensity	<a href="#">Responsible Operations</a>
302-4 Reduction of energy consumption	<a href="#">Responsible Operations</a>
302-5 Reduction in energy requirement of products and services	<a href="#">Innovation for Sustainable Products and Services</a>
303-1 Water withdrawn by source	<a href="#">Responsible Operations</a>
303-3 Water recycled and reused	<a href="#">Responsible Operations</a>
305-1 Direct (Scope 1) GHG emissions	<a href="#">Responsible Operations</a>
305-2 Energy indirect (Scope 2) GHG emissions	<a href="#">Responsible Operations</a>
305-3 Other indirect (Scope 3) GHG emissions	<a href="#">Responsible Operations</a>
305-4 GHG emissions intensity	<a href="#">Responsible Operations</a>
305-5 Reduction of GHG emissions	<a href="#">Responsible Operations</a>

Disclosure	URL and/or Section
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<a href="#">Responsible Operations</a>
306-2 Waste by type and disposal method	<a href="#">Responsible Operations</a>
306-3 Significant spills	No significant spills to report
306-4 Transport of hazardous waste	<a href="#">Responsible Operations</a>
307-1 Non-compliance with environmental laws and regulations	<a href="#">Innovation for Sustainable Products and Services</a>
401-1 New employee hires and employee turnover	<a href="#">CSR Goals and Progress Summary</a>
403-2 Types of injuries, rates of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities	<a href="#">CSR Goals and Progress Summary</a>
404-2 Programs for upgrading employee skills and transition assistance programs	<a href="#">Evolving the Workplace</a>
405-1 Disclosure of governance bodies and employees	<a href="#">Evolving the Workplace</a>
414-1 New suppliers screened using social criteria	<a href="#">CSR Goals and Progress Summary</a>
414-2 Negative social impacts in supply chain and actions taken	<a href="#">Supplier Relations</a>
413-1 Operations with local community engagement, impact assessments, and development programs	<a href="#">Xerox Philanthropy</a>
416-1 Assessment of the health and safety impacts of product and service categories	<a href="#">Innovation for Sustainable Products and Services</a>
415-1 Political contributions	<a href="#">Doing Good Business</a>
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	None to report
419-1 Non-compliance with laws and regulations in the social and economic area	None to report
409-1 Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor	<a href="#">Supplier Relations</a>
403-1 Workers representation in formal joint management–worker health and safety committees	<a href="#">Evolving the Workplace</a>
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<a href="#">CSR Goals and Progress Summary</a>

Disclosure	URL and/or Section
404-2 Programs for upgrading employee skills and transition assistance programs	<a href="#">Evolving the Workplace</a>
405-1 Diversity of governance bodies and employees	<a href="#">Evolving the Workplace</a>
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<a href="#">CSR Goals and Progress Summary</a>
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	<a href="#">CSR Goals and Progress Summary</a>
412-2 Employee training on human rights policies or procedures	<a href="#">Doing Good Business</a>
413-1 Operations with local community engagement, impact assessments, and development programs	<a href="#">Xerox Philanthropy</a>
414-1 New suppliers that were screened using social criteria	<a href="#">CSR Goals and Progress Summary</a>
414-2 Negative social impacts in the supply chain and actions taken	<a href="#">CSR Goals and Progress Summary</a>
415-1 Political contributions	<a href="#">Doing Good Business</a>
416-1 Assessment of the health and safety impacts of product and service categories	<a href="#">Safe Products and Services</a> <a href="#">Innovation for Sustainable Products and Services</a>
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	None to report
417-2 Incidents of non-compliance concerning product and service information and labeling	None to report
417-3 Incidents of non-compliance concerning marketing communications	None to report
419-1 Non-compliance with laws and regulations in the social and economic area	None to report

