

2020 TCFD Disclosure

The Financial Stability Board Task Force on Climate-related Financial Disclosure (TCFD) has developed a voluntary, consistent climate-related financial risk disclosure for use by companies in providing information to investors, lenders, insurers and other stakeholders.

Recommended Disclosure	Comment/Disclosure
Governance	
Describe the board's oversight of climate related risks and opportunities	<p>Board level responsibility for CSR, including climate related issues lies jointly between the CEO and the Corporate Governance Committee (CGC) of the Board of Directors. The CEO's climate-related responsibilities include:</p> <ul style="list-style-type: none"> • Developing climate-related strategy • Considering climate-related issues when guiding business strategy, risk management policies and overseeing major capital expenditures, acquisitions, and divestitures • Approving the release of climate-related information <p>As a board member, and leader of the Executive Management Committee (EMC), the CEO provides the day-to-day linkage between the board, the EMC and our management level CSR Council. The CSR Council reports to and advises the CEO. The CSR Council is chaired by a member of the Executive Committee, and the Chief Sustainability Officer serves as the Executive Director of the CSR Council. This structure ensures that the business is held accountable for the CSR goals and ensures the CSR Council reflects real business input and requirements.</p> <p>On an annual basis, the Chief Sustainability Officer is responsible for confirming the corporate CSR priorities with the CEO and Corporate Governance Committee of the board; presenting the results of the annual CSR materiality assessment and proposed action plan for Board approval; and providing the CEO and the Corporate Governance Committee of the board with a status of CSR progress and recommendations going forward.</p> <p>The CEO has frequent and available access to the Board, enhancing speed of implementation of decisions proposed by the CSR Council and approved by the Executive Management Committee.</p> <p>At least annually, the Board conducts a review of the Company's long-term strategic plans and principal issues. Periodically during the year, the Board receives strategy updates from members of senior management of the Company. For example, annually, the Chief Sustainability Officer and Executive Director of the CSR Council:</p> <ul style="list-style-type: none"> • confirm the corporate CSR (including climate related) priorities with the CEO and Corporate Governance Committee of the board; • present the results of the annual CSR materiality assessment and proposed action plan to the board for their approval; and • provide the CEO and the Corporate Governance Committee of the board with a status of CSR (including climate related) progress and recommendations going forward. <p>Our Enterprise Risk Management (ERM) process also strengthens our capability to assess, monitor and manage all categories of business risk. As a member of the ERM steering committee the Chief Sustainability Officer, is responsible for communicating to the ERM committee any significant risks that have been identified by our CSR Council, including climate-related. Results from the Climate Scenario Analysis feed any identified climate-related risks into the ERM process. Vital strategic and operational risks identified are approved by the Executive Management Committee (EMC) and reviewed annually by the Board.</p>

2020 TCFD Disclosure

Recommended Disclosure	Comment/Disclosure
Governance (continued)	
<p>Describe management's role in assessing and managing climate-related risks and opportunities</p>	<p>The Chief Sustainability Officer holds the highest-level management position with direct responsibility for assessing and managing climate related issues. The Chief Sustainability Officer reports to the Executive Vice President & General Counsel who reports to the CEO and Vice-Chairman of the Board.</p> <p>In this position, the Chief Sustainability Officer is responsible for overseeing our environmental (including climate related) governance and leads coordination of the company's CSR activities, serving as Chair of the CSR Council, communicating climate-related issues to the CEO and Board, and ensuring the implementation of climate related decisions made by the CSR Council and/or board. The CSR Council is composed of senior leaders of functional organizations impacting CSR. Every functional area of the corporation is represented on the Council including procurement, environment and climate related issues, health, safety, legal, supply chain, product development, delivery and R&D. The CSR Council has centralized oversight of the corporation's management approach, and meets quarterly to review the company's policies, goals, strategies, and actions to drive progress including GHG reduction and developments with potential CSR impacts. The developments reviewed may be either internal or external. The Council determines the relevancy of the risks and opportunities to Xerox and if relevant, develops an action plan for review and approval by the Executive VP & General Counsel and subsequent approval by the CEO and Executive Management Committee.</p> <p>Each CSR Council member is supported by individuals who have expertise and experience in a CSR topic area. An individual from the Executive Management Committee chairs the CSR Council to provide direction and guidance and ensures that the business is held accountable for the CSR goals and that the CSR Council reflects real business input and requirements. An individual from the Executive Management Committee also participates in all CSR Council Meetings.</p> <p>The Chief Sustainability Officer, with the CSR Council, makes climate related decisions as a team and by consensus, but it is the Chief Sustainability Officer who is ultimately responsible for bringing the climate related issues or topics to the CSR council for consideration, discussion, and approval. For example, when discussing how to achieve the company's renewable energy goal of 20 % by 2020, the Chief Sustainability Officer was responsible for bringing that issue to the other CSR council members to gather their feedback and subsequently used their feedback to help obtain funding within the organization for initiatives to help achieve the goal.</p> <p>The Chief Sustainability Officer monitors climate related issues through the CSR Council. The primary objective of the Council is to continue our legacy of corporate citizenship and provide centralized oversight of the corporation's performance and management approach, including policies, goals, strategies and to recommend actions to drive progress and integrate CSR and climate related issues into existing business practices. This is achieved through:</p> <ul style="list-style-type: none"> • Working with the Corporate Compliance Office to assure demonstration of compliance with CSR related laws, regulations and policies; • Annually evaluating the relevance of the corporations' CSR priorities using a materiality assessment process that considers relevant CSR topics impacting Xerox products, services and operations, including energy, GHG emissions and climate change strategy; • Identifying issues and opportunities and addressing them in a timely manner with responsible operations; <p>Communicating Xerox's CSR initiatives and achievements internally and externally. The Environment, Health, Safety & Sustainability (EHS&S) group reports directly to the Chief Sustainability Officer. Therefore, it is appropriate that the Chief Sustainability Officer holds the highest - level management position with direct responsibility for climate related issues as through the experience and expertise of the EHS&S group this individual is closer to climate related issues than any of the other CSR Council members.</p>

2020 TCFD Disclosure

Recommended Disclosure	Comment/Disclosure
Strategy	
Describe climate-related risks and opportunities identified over short, medium and long term.	<p>We consider short-term risks to be those 0-5 years out; medium-term being 5-10 out; and long-term as being beyond 10 years. We consider short-term risks to be those 0-5 years out; medium-term being 5-10 out; and long-term as being beyond 10 years. We consider short-term risks to be those 0-5 years out; medium-term being 5-10 out; and long-term as being beyond 10 years.</p>
Risk 1	<ul style="list-style-type: none"> ● Where: Market ● Type: Transitional Risk (Regulatory including mandates on and regulation of existing products and services) ● Timeframe: Short-term ● Description: Our business is directly affected by climate related regulations, standards and voluntary agreements aimed at reducing energy use and GHG emissions of our products. ● Potential business impact: If Xerox was unable to meet the energy efficiency requirements and offer products that are as energy efficient as our competitors, there is a risk of reduced demand for our products. Changes to existing regulations, introduction of new regulations, or failure to comply with regulations requiring our products to meet certain levels of energy efficiency could also present an increase in operating cost to the business.
Risk 2	<ul style="list-style-type: none"> ● Where: Direct Operations ● Type: Acute Physical (increased severity and frequency of extreme weather events, e.g. cyclones and floods) ● Timeframe: Medium term ● Description: Xerox could be directly impacted by more frequent short term business disruptions as a result of severe weather/natural disasters e.g., flooding and winter snow storms in locations where it operates, particularly in the Mid-West and Northeast United States. These events could impair our ability to effectively provide services to our customers and keep our operating costs aligned to our associated revenues and market requirements. ● Potential business impact: Increased direct costs
Risk 3	<ul style="list-style-type: none"> ● Where: Market ● Type: Transitional (Changing customer behavior) ● Timeframe: short-term ● Description: Our business could be affected by climate-related market changes such as changes in behavior of our customers (e.g. decline in printed pages and increase in electronic documentation). The environmental awareness of consumers and concerns about climate change is increasing globally, creating an increased demand for low/no carbon products. Consumers expect organizations and businesses to tackle the carbon footprint of their own operations and help consumers reduce their carbon emissions during the use of products or services. The risk if Xerox took no action is that consumers would view our products as unsustainable in comparison to those of our competitors, which could potentially result in reduced demand for our products and loss of sales and market share. ● Potential business impact: Decreased revenues due to reduced demand for products and services
Risk 4	<ul style="list-style-type: none"> ● Where: Market ● Type: Transitional (Reputation) ● Timeframe: short-term ● Description: Our reputation for document management expertise, innovative technology and service delivery excellence provide competitive advantages. However, changing customer perceptions of our organization's contribution to or detracting from the transition to a low carbon economy is a potential reputational risk. Environmental awareness of stakeholders, including investors and customers, is increasing. They are concerned about increasing electricity usage by ICT companies and the power consumption of devices. If stakeholders perceive that Xerox is failing to address global climate related issues through its operations, products and services, our reputation may be impacted negatively resulting in decreased brand value and sales. ● Potential business impact: Decreased revenues due to reduced demand for products and services

2020 TCFD Disclosure

Recommended Disclosure	Comment/Disclosure
Strategy (continued)	
Risk 5	<ul style="list-style-type: none"> • Where: Supply Chain • Acute Physical (increased severity and frequency of extreme weather events, e.g. cyclones and floods) • Timeframe: Medium term • Description: We have outsourced a significant portion of our overall worldwide manufacturing operations to third parties and various service providers. Some Xerox suppliers are in locations that have historically been impacted by severe weather. Therefore, there is potential that those manufacturers may experience disruptions, manufacturing costs could be higher than planned and the delivery of our products could be impacted. Xerox suppliers could be impacted by more frequent business disruptions because of severe weather, resulting in a reduction/disruption in production capacity and electronic components that are unavailable or cannot be shipped to Xerox in a timely manner. • Potential business impact: If any of these risks were realized, we could experience interruptions in supply or increases in costs that might result in our being unable to meet customer demand for our products, damage our relationships with our customers and reduce our market share, all of which could adversely affect our results of operations and financial condition
Opportunity 1	<ul style="list-style-type: none"> • Where: Direct Operations • Type: Products and services • Timeframe: short-term • Description: An increase in regulations and standards requiring products to meet certain levels of energy efficiency not only creates an increased awareness and demand among consumers but presents a global opportunity for Xerox to provide more products that are more energy efficient compared to our competitors. It creates a marketing opportunity to showcase products that are industry leaders, increasing demand for Xerox products and in turn, our market share. • Potential business impact: Increased revenues from increased demand for products and services
Opportunity 2	<ul style="list-style-type: none"> • Where: Direct Operations • Type: Products and services • Timeframe: short-term • Description: Development of climate adaptation, resilience and insurance risk solutions • Potential business impact: Increased revenues from increased demand for products and services
Opportunity 3	<ul style="list-style-type: none"> • Where: Direct Operations • Type: Resource Efficiency • Timeframe: Short-term • Description: Use of more efficient production and distribution processes; Energy cost avoidance: Focusing on energy efficiency to achieve emissions reduction targets within our company operations also presents significant global cost savings opportunities from reduced electricity, gas and mobile source fuel consumption. Focusing on energy efficiency and emission reduction also results in additional reputational benefits • Potential business impact: Reduced indirect (operating) costs
Opportunity 4	<ul style="list-style-type: none"> • Where: Direct Operations • Type: Shift in consumer preferences • Timeframe: Short-term • Description: Our brand recognition, reputation for document management expertise, innovative technology and service delivery excellence are our competitive advantages. The environmental awareness of consumers globally is increasing, creating a demand for more sustainable products. Consumers expect organizations and businesses to tackle the carbon footprint of their own operations and help consumers reduce their carbon emissions during the use of products or services. • Potential business impact: Increased revenues from increased demand for products and services

2020 TCFD Disclosure

Recommended Disclosure	Comment/Disclosure
Strategy (continued)	
Describe impact of climate-related risks and opportunities on businesses strategy	<p>Our products and services may be impacted by current regulations, standards and voluntary agreements requiring our products to meet levels of energy efficiency. Another driver has been changes in consumer preferences for energy efficient products (market and reputation risk). We recognize the opportunities to develop low emissions products and products that facilitate business continuity (e.g. cloud services) Consequently, one of the most important components of our immediate/short term (0-5 year) business strategy is to create value for our customers and shareholders by enhancing the sustainability benefits of our products and services and innovating business solutions. We offer more sustainable digital printing and document management solutions that can improve our customers' environmental performance and mitigate climate change by providing alternative solutions to replace current energy intensive processes and behaviors.</p> <p>Our supply chain has been impacted by extreme weather such as storms and floods (physical climate related risk). We outsource a significant portion of our overall worldwide manufacturing operations to third parties and various service providers. Some Xerox suppliers are in locations that have historically been impacted by severe weather. For example, the Japanese tsunami in March 2011 resulted in business interruptions and additional costs to Xerox due to premium air-freight charges. The magnitude of the impact of this risk to our supply chain is considered low because we have an extensive and diverse supply chain and to date only a small proportion of our production suppliers have been impacted by extreme weather. However, we manage and mitigate this risk as part of our immediate/short term (0-5 year) business strategy Xerox has developed formal Business Resumption Plans for parts or subassemblies, so that in the event of a climate related natural disaster the disruption would be temporary while orders are moved to the alternate supplier. We also require that all 'critical' Technology suppliers maintain an acceptable business resumption plan and we audit the plans on a routine basis. Xerox Global Procurement works with our supply chain partners to identify alternative suppliers in the event of a supplier issue that causes a supply or services continuity issue.</p> <p>Our investments in product R&D have been impacted by current regulations, standards and voluntary agreements requiring our products meet certain levels of energy efficiency changes in consumer preferences toward more energy efficient products. We also recognize the opportunity to develop more low emissions products and business continuity products and cleantech research focusing on delivering affordable renewable energy, clean air and water, efficient energy distribution and other solutions across multiple industries. The need to improve the energy efficiency of our imaging equipment continues to be a high priority for Xerox. One of the most important components of our longer term (>10 year) strategy is to create value for our customers and our shareholders by enhancing the sustainability benefits of our products. We direct our R&D investments and innovation to align with our strategic growth opportunities in areas including: simplifying, automating and enabling business processes on the cloud via developing new products with flexible platforms that run on robust and scalable infrastructure to enable greater business process agility and resilience; and reducing the energy use and environmental impact of digital printing including cloud based printing; and cleantech and energy innovation programs. Our innovation goals are supported by cross disciplinary research programs in our research centers. A substantial business decision influenced by the climate change risks and opportunities was to continue to be a leader in energy-related research and invest in PARC's cleantech and energy innovation program.</p> <p>Acute physical risk of our facilities and operations is managed via a system known as the Business Continuity Assurance Process (BCAP) which includes business impact analyses (including physical climate related risk such as temperature extremes), self-assessment, periodic validations, and plan status reporting to Xerox management. Each site has a Business Resumption Plan which allows them to prepare for risks of climate changes at their site. Annually plan drills are conducted at the business units' level and physical climate risks such as hurricane and floods are included in the drills. The results of the drills and lessons learned are communicated to top management. Any deficiency is addressed via a corrective action plan.</p>

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Strategy (continued)	
Describe impact of climate-related risks and opportunities on financial planning.	<p>Revenues, indirect costs and capital expenditures have been impacted by these risks. Climate related risks and opportunities are factored into multiple elements of our financial planning process including:</p> <ul style="list-style-type: none"> • Revenue planning / forecasting; • Capital and operating cost planning and expenditure for each business area; and • Decisions regarding acquisitions and divestments. <p>Acquisitions and divestments have also been influenced.</p>
Describe resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<p>Xerox recognizes that the use of scenario analysis as a useful tool for assessing the potential long-term business implications of direct and indirect transition and physical climate-related risks and opportunities. Proactively responding to anticipated risks and opportunities and integrating into business strategy and enterprise risk management processes enables resilience. Our climate change-related scenario analysis used two scenarios (2°C and 4°C) and time frames extending out to 2050. This analysis covered all Xerox manufacturing locations and key facilities, as well as critical supplier locations, and includes site-specific analysis against a range of potential climate-related acute and long-term physical risks as well as transition risks. This qualitative analysis is being used to screen and prioritize material risks to Xerox facilities and supply chain continuity, for further assessment by our CSR Council, Enterprise Risk Management (ERM) specialists and upper management. Senior Management, and other decision makers to the specific risks that climate change presents to the Xerox business model and key assets and will help highlight the risks, opportunities, priorities and necessary actions that must be accounted for in wider strategic business decisions.</p> <p>Potential climate related transitional risks and opportunities, specifically: changes to regulations aimed at reducing energy use of our products; developments in technology, which improve the energy efficiency of our document printing products; and changing consumer preferences and market trends are tracked via a number of formal processes including our Regulatory and Marketing Initiative Management System and managed by directing our R&D investments in the innovation of products, consumables and services that reduce energy use, cost and waste. Xerox has a rich heritage of innovation, which continues to be a core strength of the company. The most important components of our longer-term strategy are to enhance the sustainability benefits of our products and services and help businesses rethink the way work is done by innovating business solutions and technologies.</p>
Risk Management	
Our processes for identifying and assessing climate-related risks and integrating into our overall risk management (continued)	<p>Disclose how the organization identifies, assesses, and manages climate-related risks.</p> <p>Our Enterprise Risk Management (ERM) process strengthens our capability to assess, monitor and manage all categories of business risks. ERM steering committee members meet monthly to assess all categories of emerging risks, risk appetite and occurrence probability considering all risk timeframes. Vital strategic and operational risks are approved by the Executive Management Committee (EMC) and reviewed annually by the Board. The ERM committee follows the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) that has integrated ESG risks including climate-change related risks and opportunities in its guidelines. We assess business risks based on the risk of failing to attain our strategic objectives. The committee also monitors action plans put in place to mitigate risk at the enterprise level.</p> <p>Our CSR Council also works with our ERM group on the climate-related risk process. The CSR Council has the responsibility for monitoring and assessing climate change-related risks/opportunities and alerting ERM Committee of those relevant to the Enterprise. The CSR Council meets quarterly. Included in each meeting is an update of current and/or emerging risks and the appropriate steps to mitigate the risk(s). The Chief Sustainability Officer leads coordination of the company's CSR activities, serving as the Executive Director of the CSR Council and as a member of the ERM steering committee.</p> <p>The Office of Global Government Affairs is also responsible for tracking external developments including climate change policy and determining if they are likely to affect Xerox products and operations. Through trade associations and partnerships, EHS&S tracks</p>

2020 TCFD Disclosure

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<p>Our processes for identifying and assessing climate-related risks and integrating into our overall risk management (continued)</p>	<p>applicable climate change legislation and policy that may affect the company. We develop processes, new technologies and products to counter the risks associated with external changes.</p> <p>Our major operating units and key corporate functions (e.g. Risk management, Real Estate) are responsible for evaluating, monitoring and managing within their respective business 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.</p>
<p>Metrics and Targets</p>	
<p>Disclose metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>Please see Xerox 2020 CSR Progress Summary, pages 4 (pertaining to Operations) and page 8 (pertaining to products).</p>
<p>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>Please see Xerox 2020 CSR Progress Summary, pages 4</p>
<p>Describe targets to manage climate-related risks and opportunities and performance against targets.</p>	<p>Please see Xerox 2020 CSR Progress Summary, pages 3.</p>