

# Welcome to your CDP Water Security Questionnaire 2020

## W0. Introduction

### W0.1

#### **(W0.1) Give a general description of and introduction to your organization.**

In the era of intelligent work, we're not just thinking about the future, we're making it. Xerox Corporation is a technology leader focused on the intersection of digital and physical. We use automation and next-generation personalization to redefine productivity, drive growth and make the world more secure. Every day, our innovative technologies and intelligent work solutions help people communicate and work better.

Xerox is a workplace technology company, building and integrating software and hardware for enterprises large and small. As customers seek to manage information across digital and physical platforms, we deliver a seamless, secure and sustainable experience. Whether inventing the copier, the Ethernet, the laser printer or more, Xerox has long defined the modern work experience and continues to do so with investments in artificial intelligence (AI), sensors and services for Internet of Things (IoT), digital packaging, 3-D printing and Clean Technologies (cleantech). Geographically, our footprint spans approximately 160 countries and allows us to deliver our technology and solutions to customers of all sizes, regardless of complexity or number of customer locations. Headquartered in Norwalk, CT, we have more than 27,000 employees and do business in more than 160 countries. Together, we provide business process services, printing equipment, hardware and software technology for managing information - from data to documents.

Our manufacturing and distribution facilities are located around the world. Our largest manufacturing site is in Webster, N.Y., where we produce the Xerox iGen, Nuvera, and Baltoro printer systems, as well as key components and consumables for our products such as toner. We also have manufacturing operations in Dundalk, Ireland, for components, consumables and printer systems sustainable manufacturing, and in Wilsonville, OR, for solid ink consumables and components. Other Xerox manufacturing plants are located in Venray, Netherlands; Ontario, Canada; and Oklahoma City, OK, where we manufacture materials and components.

Additionally, we work with various manufacturing and distribution partners. This diversification of suppliers brings flexibility in our manufacturing and supply chain and supports our cost efficiency goals, which are both objectives of Project Own It as well as one of our strategic initiatives to optimize operations for simplicity. Fuji Xerox is our largest partner, with whom we maintain product sourcing agreements for specific products across our entry, mid-range and high-end portfolios, some of which are the result of mutual research and development agreements. We also outsource certain manufacturing activities to FLEX LTD (Flex), a global contract manufacturer with whom we maintain a longstanding relationship, and we acquire

products from various third parties in order to increase the breadth of our product portfolio and meet channel requirements and in 2019 we entered into a supply agreement with HP Inc.

## W0.2

**(W0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date
Reporting year	January 1, 2019	December 31, 2019

## W0.3

**(W0.3) Select the countries/areas for which you will be supplying data.**

- Canada
- Ireland
- Netherlands
- United States of America

## W0.4

**(W0.4) Select the currency used for all financial information disclosed throughout your response.**

- USD

## W0.5

**(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.**

- Companies, entities or groups over which operational control is exercised

## W0.6

**(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?**

- Yes

### W0.6a

**(W0.6a) Please report the exclusions.**

Exclusion	Please explain
Xerox has numerous sales, marketing, administrative/back office, and logistics office spaces that are leased spaces and outside of the operation control of Xerox. These are referred to as "service facilities" throughout this document and are excluded from	Many of our sales, marketing, administrative/back office and logistics facilities are multi-tenanted where we do not directly pay the water utility bill. Water use is either included in the lease or is not reported by remote sites where water use is minimal due to the nature of the work at these sites. Therefore,

<p>reporting in this disclosure.</p> <p>The reported water inventory/accounting encompasses data from manufacturing, distribution and R&amp;D facilities only (referred to as our “Technology business” or “Technology facilities” throughout this document) and does not include any portion of service facilities.</p> <p>Xerox services are considered in all other aspects of our disclosure, e.g. governance, strategy and compliance.</p>	<p>actual data for these facilities is not available.</p> <p>However, initial calculations for office locations (based on available industry average water consumption per employee data, available industry average water consumption per square foot office space, and also sense checked against water billing data obtained for a proportion of services facilities), have identified that while these service facilities comprise over 80% of current Xerox-occupied facilities, service-related water withdrawals represent &lt;10% of our total business water withdrawal. Thus, our reporting includes the vast majority of Xerox water usage.</p>
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## W1. Current state

### W1.1

**(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.**

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	<p>Xerox has operations relying on clean water to operate including manufacturing (process, cleaning &amp; cooling water) and office facilities (drinking &amp; sanitary water for employees). The quality of water is important for these uses, therefore sufficient quantities of high-quality freshwater is rated as important to Xerox. Water consumed by Xerox Technology operations is sourced from local municipal suppliers who withdraw water from lakes, rivers and other surface/ground waters.</p> <p>We have outsourced a significant portion of our worldwide manufacturing operations to third parties and service providers requiring water to operate (sanitary &amp; process water). For example, manufacture of electronic components requires substantial volumes of clean water.</p> <p>Water is also used in site facilities support (e.g.</p>

			cooling water) for our production operations, and by our suppliers as well. Insufficient quantities of good quality freshwater have the potential to disrupt our supply chain operations and therefore is rated as important to Xerox.
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Neutral	<p>With the exception of closed loop cooling water, recycled or produced water is not used by our operations. Brackish water is not used in any of our operations. Therefore, sufficient quantities of recycled, brackish or produced water has been rated as neutral to Xerox.</p> <p>It has not been identified as not important as availability of brackish water could become important in the future if the quantity of freshwater available declined and we were required to seek alternatives to freshwater for our operations. Not only is water used to manufacture our products, it is also used indirectly for facilities support (e.g. cooling water) for our operations, products and suppliers.</p> <p>In addition, significant quantities of recycled, brackish and/or produced water is not known to be used by our supply chain therefore the availability of sufficient quantities has been rated as neutral for our supply chain as well. We do not consider it to be “not important” as brackish or recycled water would increase in importance if quantities of freshwater declined and alternatives to freshwater were required by our supply chain.</p>

## W1.2

**(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?**

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	1-25	<p>To report progress against our water target, we monitor water withdrawal volumes across manufacturing, distribution and R&amp;D facilities of our Technology business via site meters or utility invoices.</p> <p>Our Technology facilities are &lt;25% in number of</p>

		<p>sites but account for greater than 90% of our total water withdrawals due to the different activities undertaken at Technology sites as compared to service facilities. Our estimates for office use are based on industry average water use per employee, industry average water use per sq ft in offices, and checks against water billing data for a proportion of services facilities. Therefore, we focus monitoring efforts on Technology sites.</p> <p>Quantifying withdrawals by our service operations is challenging as many locations do not have water meters nor pay for water directly. Due to the relatively low amount of water used, inclusion of service water withdrawals would not substantially impact corporate water risk or opportunities.</p>
<p>Water withdrawals – volumes by source</p>	<p>1-25</p>	<p>Water withdrawals by source is monitored and known for all Technology sites. All water used for operational processes and personal use is sourced from local municipal suppliers who withdraw water directly from lakes, rivers and other surface/ground waters.</p> <p>We have focused on our Technology facilities, which are &lt;25% in number of sites but account for greater than 90% of our total water withdrawals due to the different activities undertaken at Technology sites as compared to service facilities.</p> <p>Work to quantify withdrawals by our service facilities is challenging as many locations don't have water meters or pay for water directly.</p>
<p>Water withdrawals quality</p>	<p>Not monitored</p>	<p>All water withdrawals come from municipal water sources and are high quality potable water as received and incoming water quality is not monitored. However, for some Xerox manufacturing processes, municipal water is further treated via reverse osmosis and/or distillation. The quality of the treated water is closely monitored to ensure acceptable quality parameters for the impacted manufacturing processes.</p>

<p>Water discharges – total volumes</p>	<p>1-25</p>	<p>As part of our goal to preserve clean water, the volume of discharges at manufacturing, distribution and R&amp;D facilities of our Technology business is monitored to validate compliance with local sewer discharge permit conditions via on site meters.</p> <p>Our Technology facilities are &lt;25% in number of sites but account for greater than 90% of our total water withdrawals due to the different activities undertaken at Technology sites as compared to service facilities. Our estimates for office use are based on based on industry average water use per employee, industry average water use per sq ft in offices, and checks against water billing data for a proportion of services facilities.</p> <p>It is assumed that water discharges follow a similar % split. Work to quantify water discharge by services is challenging as many locations don't have water meters or pay for water directly.</p>
<p>Water discharges – volumes by destination</p>	<p>1-25</p>	<p>The destination of water discharges is monitored for all Technology facilities. Wastewater is discharged to the municipal sewer from all Technology facilities.</p> <p>Our Technology facilities are &lt;25% in number of sites but account for greater than 90% of our total water withdrawals due to the different activities undertaken at Technology sites as compared to service facilities. Our estimates for office use are based on based on industry average water use per employee, industry average water use per sq ft in offices, and checks against water billing data for a proportion of services facilities.</p> <p>It is assumed that water discharges volumes follow a similar % split. Work to quantify water discharge by services is challenging as many locations don't have water meters or pay for water directly.</p>

<p>Water discharges – volumes by treatment method</p>	<p>1-25</p>	<p>The treatment method and volume of water discharges is monitored for all Technology facilities. Wastewater is discharged to the municipal sewer for treatment via publicly owned treatment works (POTWs).</p> <p>Our Technology facilities are &lt;25% in number of sites but account for greater than 90% of our total water withdrawals due to the different activities undertaken at Technology sites as compared to service facilities. Our estimates for office use are based on based on industry average water use per employee, industry average water use per sq ft in offices, and checks against water billing data for a proportion of services facilities.</p> <p>It is assumed that water discharges volumes follow a similar % split. Water discharge by service facilities go directly to sanitary sewers without additional treatment or pretreatment.</p>
<p>Water discharge quality – by standard effluent parameters</p>	<p>1-25</p>	<p>The treatment method and water discharge quality of water discharges is monitored for all Technology facilities. Wastewater is discharged to the municipal sewer for treatment via publicly owned treatment works (POTWs). Standard and specialized effluent parameters are measured and compared to permit requirements to ensure compliance.</p> <p>Our Technology facilities are &lt;25% in number of sites but account for greater than 90% of our total water withdrawals due to the different activities undertaken at Technology sites as compared to service facilities. Our estimates for office use are based on based on industry average water use per employee, industry average water use per sq ft in offices, and checks against water billing data for a proportion of services facilities.</p> <p>It is assumed that water discharges volumes follow a similar % split. Work to quantify water discharge by services is challenging as many</p>

		locations don't have water meters or pay for water directly.
Water discharge quality – temperature	Less than 1%	Water discharges are at or near ambient temperature and Xerox is not required to monitor discharge at most facilities. Water discharge temperature is monitored at two Technology business facilities that require it.
Water consumption – total volume	1-25	<p>Consumption is calculated as water withdrawal minus water discharge volumes for all Technology facilities.</p> <p>Our Technology facilities are &lt;25% in number of sites but account for greater than 90% of our total water withdrawals due to the different activities undertaken at Technology sites as compared to service facilities. Our estimates for office use are based on industry average water use per employee, industry average water use per sq ft in offices, and checks against water billing data for a proportion of services facilities.</p> <p>Therefore, we have focused on monitoring Technology sites. Work to quantify water consumption by our service facilities is challenging as many of the locations do not have water meters or pay for water directly.</p>
Water recycled/reused	Not monitored	Water is reused in closed loop cooling systems in our extruded toner manufacturing processes, but quantity of water recirculated and quantity of makeup water are not monitored or tracked. In one facility, reverse osmosis reject water is reused as cooling tower makeup water, but again the quantity of water recycled/reused is not monitored or tracked.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Our Code of Business Conduct supports the principles of The United Nations Universal Declaration of Human Rights (which acknowledges that clean drinking water and sanitation are essential to the realization of all human rights). The Xerox Environment, Health, Safety, and Sustainability (EHS&S) organization ensures that those principles are followed and ensures company-wide adherence to Xerox's



		<p>environment, health, safety, and sustainability policy. The governance model we use to accomplish this includes clearly defined goals, a single set of worldwide standards, and a program of surveillance audits that ensure conformance to these requirements. Audits include an on-site visit aimed at evaluating the site for basic life safety including potable water for human consumption and hygiene and environmental aspects, including sanitary water discharges.</p>
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### W1.2b

**(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?**

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	1,637.32	About the same	<p>In alignment with CDP technical guidance on water accounting, water withdrawals includes municipal domestic water use as well as groundwater that was pumped up for remediation treatment on site, as well as estimates of groundwater infiltration into sanitary sewer pipes at the Webster, NY facility.</p> <p>2019 water withdrawal is about 99% of the 2018 volume, which we consider to be "about the same" because we use a threshold of 10% variation to consider a change "higher" or "lower". Water withdrawals decreased slightly at a number of Technology sites as individual buildings were consolidated or closed, but these water savings were offset by slightly higher volumes used by some manufacturing processes.</p> <p>We expect water use for our Technology Business will be down in 2020 and 2021 due to lower demand for Xerox equipment and supplies in the wake of COVID-19 related shutdowns and closures. In addition, Xerox is performing repairs on sanitary sewer lines that</p>

			will reduce infiltration of groundwater into sanitary sewer piping at our Webster, NY facility, thus reducing future withdrawals and discharges.
Total discharges	1,288.62	About the same	<p>Year over year comparison shows 2019 discharges were a 7% decrease compared to 2018. We consider &lt;10% change to be 'about the same'.</p> <p>The decrease can primarily be attributed to a decrease in discharges from Webster, NY site remediation activities, which are decreasing in volume as remediation nears its conclusion. In addition, 2018 was a slightly drier year than 2019 so groundwater infiltration into sanitary sewer piping at our Webster, NY facility and subsequent discharge were lower.</p> <p>We expect water use for our Technology Business will be down in 2020 and 2021 due to lower demand for Xerox equipment and supplies in the wake of COVID-19 related shutdowns and closures. In addition, Xerox is performing repairs on sanitary sewer lines that will reduce infiltration of groundwater into sanitary sewer piping at our Webster, NY facility, thus reducing future withdrawals and discharges.</p>
Total consumption	348.7	Higher	<p>Consumption in 2019 was approximately 30% higher in 2019 versus 2018. Consumption numbers are primarily driven by two factors – evaporation (from process cooling towers and from drying processes in the toner manufacturing process) and entrained water (water that is part of raw materials, intermediate materials, or solids produced as part of manufacturing processes.) Xerox production volumes were up moderately in 2019, leading to a moderate increase of approximately 80 megaliters in water consumption. Since overall water consumption values are relatively low, even a moderate change in absolute quantities translates to a significant change in YOY percentage.</p>

			Consumption from facility maintenance activities is very low as Xerox performs virtually no landscape irrigation.
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## W1.2d

**(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.**

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	1-10	Much higher	Other, please specify YOY water withdrawals in water stressed areas was up 48%, driven by new production activity in two facilities offsetting slight reductions in the two others. Withdrawals in water-stressed regions account for only 10% of Xerox water withdrawals.	Four Technology facilities have been identified to be operating in areas with water stress. As compared with the prior year, water withdrawals in water stressed areas was up 48%, primarily driven by new production activity in our Oklahoma City manufacturing plant, and to a much smaller degree due to increased research activity at our Palo Alto Research Center (PARC). These offset slight reductions in volume at our Venray and Cincinnati sites. However, though the % increase at water-stressed facilities was much higher YOY, the total withdrawals at these facilities is a very small proportion of total water used by Xerox Corporation, accounting for just 10% of technology facility water use.  Xerox uses several methods to identify

					<p>significant water risks related to our direct operations:</p> <ul style="list-style-type: none"> <li>• All our major operating units and key corporate functions are responsible for evaluating, monitoring and managing site specific risks within their business using internal company knowledge and EHS&amp;S expertise of the local situation, stakeholder issues, facility type and size and thus potential to impact global revenue.</li> <li>• Adherence to Xerox's EHS&amp;S policy is achieved through internal surveillance audits including evaluating all our facilities for potable water for human consumption and hygiene and environmental aspects including sanitary water discharges.</li> <li>• In addition to these existing processes that are integrated into standard business practices, the WRI Aqueduct Water Risk Atlas Tool and WWF Water Risk Filter were used to identify facilities within our Technology operations that we consider "water stressed regions" – that is, they are located in river basins classified as water scarce, exposed to physical water scarcity or high drought conditions,</li> </ul>
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					or at high risk of flooding. These tools were selected as they are robust and well recognized water risk assessment tools for identify water stressed locations and locations exposed to water risk.
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## W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant			All Xerox water withdrawal for process and personal use comes from municipal sources. None is withdrawn directly from fresh surface water sources.
Brackish surface water/Seawater	Not relevant			Xerox does not use brackish surface water nor sea water in any of its operations.
Groundwater – renewable	Relevant	526.29	About the same	All Xerox water withdrawal for process and personal use comes from municipal sources. However, as part of its remediation activities to remove prior pollution from its Webster, NY site, Xerox pumps up contaminated groundwater for analysis and treatment as needed.  In addition, there is some groundwater infiltration into sanitary sewer piping at the Webster, NY location. This quantity is not sub-metered

				<p>so cannot be determined exactly, but is estimated based on metered flows to the sanitary sewer.</p> <p>2019 groundwater volumes withdrawn were about 7% lower than 2018 volumes. We consider changes of &lt;10% to be "about the same." The quantity of groundwater withdrawal is decreasing over time as remediation activities mature and as sections of compromised sanitary sewer lines are repaired or replaced.</p>
Groundwater – non-renewable	Not relevant			All Xerox water withdrawal for process or personal use comes from municipal sources. None is withdrawn directly from non-renewable groundwater sources.
Produced/Entrained water	Relevant but volume unknown			Certain raw materials are used in liquid form (aqueous solutions) but volume of liquid entrained in raw materials is not tracked. However, aqueous solutions are a very small proportion of total raw material use and a very, very small portion of total water use.
Third party sources	Relevant	1,111.03	About the same	All Xerox facilities obtain their water for process and personal use from municipal water supplies. 2019 water withdrawal is 3% higher than 2018. We consider a change of <10% to be "about the same".

				Water withdrawal volumes from Technology facilities have held relatively steady for the last few years, and are expected to continue to do so into the next few years.
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## W1.2i

**(W1.2i) Provide total water discharge data by destination.**

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	97.73	Lower	<p>A portion of treated remediation groundwater from the Webster, NY site that meets strict discharge requirements for cleanliness is discharged under permit to the storm sewer.</p> <p>Volumes of groundwater drawn up for remediation treatment are declining over time as the remediation activities near their conclusion. 2019 volumes were about 17% less than volumes treated in 2018.</p>
Brackish surface water/seawater	Not relevant			Xerox facilities do not discharge to brackish/seawater surface waters.
Groundwater	Not relevant			Xerox facilities discharge only to local municipal treatment facilities or under permit to stormwater, not directly to ground water.
Third-party destinations	Relevant	1,190.89	About the same	<p>Xerox discharges all wastewater from manufacturing processes into municipal wastewater treatment facilities (also known as publicly owned treatment facilities, or POTWs).</p> <p>At the Webster, NY site, there is</p>

				<p>also some known groundwater infiltration into the sanitary sewer discharge pipes, As the pipes are not submetered, we cannot separately account for volumes of process water versus groundwater so reported water discharge to third parties includes this water source.</p> <p>2019 discharges to the POTW are about 7% lower than 2018 discharges. We consider YOY changes &lt;10% to be "about the same". Maintenance activities are occurring on the Webster, NY site to replace sections of underground piping that is allowing groundwater infiltration, which is reducing this volume over time.</p>
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## W1.4

### (W1.4) Do you engage with your value chain on water-related issues?

- Yes, our suppliers
- Yes, our customers or other value chain partners

## W1.4a

### (W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

#### Row 1

#### % of suppliers by number

1-25

#### % of total procurement spend

Unknown

#### Rationale for this coverage

We adopt the Responsible Business Alliance (RBA) Supplier Code of Conduct (SCC), which includes Labor, H&S, ethics and environmental (climate change, water usage & pollution) standards. To monitor compliance to the SCC, we use Self-Assessment Questionnaires and conduct site audits of key suppliers. All suppliers are subject to an initial risk assessment. However, suppliers flagged in the risk assessment (in addition to



suppliers deemed critical to our supply chain) are required to complete detailed questionnaires. Based on the risk assessments and questionnaires, we annually select suppliers for compliance review or audit.

### **Impact of the engagement and measures of success**

The types of water related information included in the audits or self-assessment questionnaire include hygiene and sanitation (testing for contamination of potable water), if treatment of wastewater meets local regulations and questions regarding water efficiency measures. Areas of non-conformance are evaluated and addressed through a corrective action process. We have initially measured success based on the performance levels of our suppliers against the code of conduct (e.g. Needs Improvement / Achieving / Maintain) and supplier performance has improved over time.

As part of the Supplier Compliance Program, we require our suppliers to comply with the SCC. The T&Cs in Xerox purchase agreements and purchase orders incorporate this requirement as well as to comply with all applicable laws and regulations. We reinforce the SCC in an annual communication to our global supplier base.

### **Comment**

Compliance and impact data and assessments are maintained by the Xerox Global Procurement organization.

## **W1.4b**

**(W1.4b) Provide details of any other water-related supplier engagement activity.**

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### **Type of engagement**

No other supplier engagements

### **Details of engagement**

### **% of suppliers by number**

### **% of total procurement spend**

### **Rationale for the coverage of your engagement**

As part of the Supplier Compliance Program, we strongly encourage our suppliers to comply with the Supplier Code of Conduct (SCC). The T&Cs in Xerox purchase agreements and purchase orders incorporate this requirement as well as to comply with all applicable laws and regulations. We reinforce the SCC in an annual communication to our global supplier base.

### **Impact of the engagement and measures of success**

## Comment

### W1.4c

#### **(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?**

Although customers do not require water directly to use our products, we regularly engage with our customers about sustainability issues including water, environmental programs, goals and performance via the following methods:

- Specific conversations with targeted customers to solicit input into our materiality assessment
- Customer Satisfaction System: real-time customer feedback in a closed-loop process
- Customer Relationship Surveys
- Xerox Customer Community and Forum
- Our own blogs and all major social media platforms
- Customer personalized portal offering
- Xerox Corporate Focus Executive Program
- Customer Care Officer of the Day
- Open Xerox website
- We've hosted dozens of sustainability forums with customers, sharing best sustainability practices and encouraging customers to reduce their environmental footprint.

Success of water-related customer engagements is measured in response time to customer, and through input received from the Xerox Customer Satisfaction System.

## W2. Business impacts

### W2.1

#### **(W2.1) Has your organization experienced any detrimental water-related impacts?**

No

### W2.2

#### **(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?**

No

## W3. Procedures

### W3.3

#### **(W3.3) Does your organization undertake a water-related risk assessment?**

Yes, water-related risks are assessed

## W3.3a

**(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.**

### Direct operations

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#### Coverage

Full

#### Risk assessment procedure

Water risks are assessed as part of an enterprise risk management framework

#### Frequency of assessment

Annually

#### How far into the future are risks considered?

More than 6 years

#### Type of tools and methods used

Tools on the market  
Enterprise Risk Management

#### Tools and methods used

WRI Aqueduct  
WWF Water Risk Filter  
COSO Enterprise Risk Management Framework

#### Comment

Our manufacturing processes require an adequate supply of clean and inexpensive fresh water (eg EA toner operations). Our service operations employ thousands of people in high-density locations, so an ample supply of clean water for sanitary needs and cooling is required. We therefore take an integrated approach to ensure water risk is assessed across all direct operations in a holistic and robust way consistent with other sustainability issues and as part of our standard business practices: Our Board of Directors oversee our CSR program. Major operating units and corporate functions evaluate and manage site specific risks within their business. The CSR Council undertakes the annual CSR materiality assessment, considering relevant risks impacting Xerox including water. In accordance with the GRI Standards we identify and report key risks and opportunities for the short term (0-5 years) and long term (6-10 years), associated with CSR topics. The risk management process considers each of the countries in which Xerox operates, conducts business and sells products.

In addition to these standard business processes the WRI Aqueduct Water Risk Atlas Tool and WWF Water Risk Filter were used to identify facilities within our Technology operations located in river basins classified as water scarce, exposed to physical water scarcity or severe drought, and/or located in areas with a high risk of flooding to ensure that the local water risks are reflected in our risk assessments.

## Supply chain

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### Coverage

Partial

### Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

### Frequency of assessment

Annually

### How far into the future are risks considered?

More than 6 years

### Type of tools and methods used

Other

### Tools and methods used

National-specific tools or standards

### Comment

We adopt the Responsible Business Alliance (RBA) Code of Conduct on CSR for our suppliers, which includes standards regarding water usage and pollution. To monitor compliance and suppliers' exposure to water risks, we use Self-Assessment Questionnaires and audits of key suppliers. Our annual CSR materiality assessment aggregates information gained from the processes described above and considers relevant risks including water in our operations and supply chain.

## Other stages of the value chain

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### Coverage

None

### Comment

## W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Xerox's operations rely on clean water to operate. Consequently, water availability and quality in operations is considered in our corporate CSR materiality assessment process. Xerox combines water scarcity and flooding susceptibility information gained from recognized third party tools (such as the WWF Water Basin Risk Filter or WRI

		<p>Aquaduct) with internal knowledge regarding the company’s current water use and impacts, as well as potential future changes in water availability, quality and demand / competition to develop a detailed understanding of current and potential future water risks.</p> <p>Major operating units and corporate functions (e.g. Real Estate) are also responsible for evaluating site specific risks e.g. resiliency to events that impact Xerox’s ability to achieve business objectives. Preparedness is achieved via the Business Continuity Assurance Process including business impact analysis of risks such as drought and flooding.</p>
<p>Water quality at a basin/catchment level</p>	<p>Relevant, always included</p>	<p>Xerox’s operations rely on clean water to operate. Consequently, water availability and quality in operations is considered in our corporate CSR materiality assessment process. Xerox combines water scarcity and flooding susceptibility information gained from recognized third party tools (such as the WWF Water Basin Risk Filter or WRI Aquaduct) with internal knowledge regarding the company’s current water use and impacts, as well as potential future changes in water availability, quality and demand / competition to develop a detailed understanding of current and potential future water risks.</p> <p>Major operating units and corporate functions (e.g. Real Estate) are also responsible for evaluating site specific risks e.g. resiliency to events that impact Xerox’s ability to achieve business objectives. Preparedness is achieved via the Business Continuity Assurance Process including business impact analysis of risks such as drought and flooding.</p>
<p>Stakeholder conflicts concerning water resources at a basin/catchment level</p>	<p>Relevant, always included</p>	<p>Xerox gains knowledge regarding local stakeholder conflicts concerning water via a number of methods. Water consumed by Xerox operations is sourced from local municipal suppliers (who withdraw water from lakes, rivers and other surface and ground waters). Many of our sites also have sanitary sewer industrial wastewater discharge permits and consequently regularly engage with the local water and wastewater utility providers. Through our outreach program, Xerox also engages with local communities about its environmental performance related to its water. Xerox’s formal annual CSR materiality assessment process conducted by the CSR Council also includes discussions with external stakeholders. To date</p>

		we have not been made aware of any situations regarding conflicting water resources relevant to our facilities.
Implications of water on your key commodities/raw materials	Relevant, always included	Water quantity and quality currently meet our demands without materially impacting our business, however, there is potential for this to change in the future. Therefore, Xerox gains knowledge regarding water impacts concerning our supply chain via a number of methods. Technology suppliers are routinely assessed for criticality based on business risk and revenue impact. We require critical suppliers to maintain a business resumption plan which we regularly audit. We also adopt the Responsible Business Alliance (RBA) Code of Conduct on CSR for our suppliers, which includes standards regarding water usage and pollution. To monitor compliance to the Code of Conduct and our suppliers' exposure to current and future water risks, we use Self-Assessment Questionnaires and conduct site audits of our key suppliers. High risk suppliers include suppliers who have high risk financial profiles, have zero tolerance or major observation issues during audits or are located in high risk geographies. Many Xerox suppliers rely on clean water to operate, consequently water in our supply chain is considered in our corporate CSR materiality assessment.
Water-related regulatory frameworks	Relevant, always included	Many of our sites have sanitary sewer industrial wastewater discharge permits and therefore are currently subject to local regulatory frameworks. Internal company knowledge is used to assess risk, through the Office of Global Government Affairs which is also responsible for tracking external developments and determining relevancy to Xerox Products and Operations. Through trade associations and partnerships, EHS&S tracks water legislation and policy changes that may affect the company. Consequently, we examine changing external factors, including regulations, in our corporate CSR materiality assessment process.
Status of ecosystems and habitats	Relevant, always included	Due to the nature of our operations we do not believe that local ecosystems and habitats are adversely impacted by our operations. However, as part of our strategic commitment to "Preserve the World's Forests and Biodiversity" our Environmental Management System (EMS) requires the local environmental liaison at our major operating units and also key corporate functions (e.g. Real Estate) to be responsible for evaluating, monitoring and managing site specific risks within their business using knowledge and EHS&S expertise of the local situation and discussions with local stakeholders. Whenever Xerox

		<p>evaluates expanding a facility or opening a new building in a new region, our EMS also requires a management of change review which includes evaluating the location for impacts to the local ecosystems and habitats. Biodiversity and land use impacts of new facilities are also assessed through environmental impact assessments if required as part of the planning process.</p>
<p>Access to fully-functioning, safely managed WASH services for all employees</p>	<p>Not relevant, included</p>	<p>Despite our assessments that show this is not a material water-related risk for our operations, we include this element in our workplace assessments at every operating location. This allows us to ensure the health and safety of all our employees, and also as part of our corporate responsibility to respect and ensure implementation of the human right to water and sanitation. This is the baseline expectation of the UN Guiding Principles for Business and Human Rights. Xerox gains knowledge regarding employee access to WASH services via a number of methods. Our Code of Business Conduct supports the principles of The United Nations Universal Declaration of Human Rights (which acknowledges that clean drinking water and sanitation are essential to the realization of all human rights). We make sure those principles are followed in our labor relations and employment practices, relationships with suppliers, risk management and internal audit systems and our approach to building business in emerging markets. The governance model we use to accomplish this includes clearly defined goals, a single set of worldwide standards, and a program of surveillance audit that ensures conformance to these requirements. Audits include an on-site visit aimed at evaluating the site for basic life safety including potable water for human consumption and hygiene and environmental aspects including sanitary water discharges.</p>
<p>Other contextual issues, please specify</p>	<p>Relevant, sometimes included</p>	<p>Scenario analysis of availability of sufficient quantity and quality of water: In 2019 the CSR Council commissioned the Xerox EHSS team to facilitate completion of a Climate Scenario Analysis to identify and prioritize climate-related risk for Xerox manufacturing facilities and key suppliers, including water-related risks such as drought, water depletion, and flooding.</p> <p>Scenario analysis is not undertaken as part of our Business Continuity Assurance Process, though major operating units and corporate functions are also responsible for evaluating site specific risks, including water-related risks</p>

	<p>such as risk of flooding. As we cannot remove this risk, physical risks are mitigated via the Business Continuity Assurance Process. Each site is required to have a Business Resumption Plan. Resumption plan drills are conducted annually and include physical climate change risks such as hurricanes, tornadoes and floods as part of the drills. The results of the drills and lessons learned are communicated to top management during operational reviews. Any deficiency is addressed via a corrective action plan. The deficiencies identified from the drills become part of the risk assessment process of the business unit in order prevent them from happening again. For example, in 2019, one of our Canadian locations conducted a 1000-year flood scenario assessment for their annual BRP drill. Evaluation of site impacts showed that the distance from the nearest watershed and the design of the building would help mitigate the impact of flood waters from an electrical infrastructure perspective, indicating relatively low vulnerability for site transformers and electrical transmission infrastructure. However, the site is currently working with a local conservation authority to develop a stormwater control landscape design to further reduce the risk of additional site impacts.</p>
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### W3.3c

**(W3.3c) Which of the following stakeholders are considered in your organization’s water-related risk assessments?**

	Relevance & inclusion	Please explain
Customers	Relevant, always included	<p>Xerox’s formal documented annual CSR materiality assessment process considers relevant sustainability/CSR issues impacting Xerox products and services including water in our operations and water in our supply chain and customer priorities is one of the criteria factored into this assessment. Although customers do not require water directly to use most of our products, we regularly engage with our customers about sustainability issues including water, environmental programs, goals and performance via the following methods:</p> <ul style="list-style-type: none"> <li>• Specific conversations with targeted customers to solicit input into our materiality assessment</li> <li>• Customer Satisfaction System: real-time customer feedback in a closed-loop process</li> <li>• Customer Relationship Surveys</li> </ul>



		<ul style="list-style-type: none"> <li>• Xerox Customer Community and Forum</li> <li>• Our own blogs and all major social media platforms</li> <li>• Customer personalized portal offering</li> <li>• Xerox Corporate Focus Executive Program</li> <li>• Customer Care Officer of the Day</li> <li>• Open Xerox website</li> <li>• Hosted dozens of sustainability forums with customers, sharing best sustainability practices and encouraging customers to reduce their environmental footprint</li> </ul>
Employees	Relevant, always included	<p>The availability of clean water to provide drinking water and sanitary services to our staff is essential to our operations and therefore is factored into our risk assessment and Business Continuity Assurance Process. We regularly engage with our employees about environmental programs, goals and performance via the following methods:</p> <ul style="list-style-type: none"> <li>• Voice of the Employee Survey</li> <li>• Ethics hotline</li> <li>• Open-door policy</li> <li>• Global webcasts</li> <li>• Town hall meetings</li> <li>• Employee roundtables</li> <li>• Internal social networks, including intranet</li> <li>• Enterprise-wide learning and career-management tools</li> <li>• Leader-led performance enabling processes, communications, conversations and tools</li> <li>• Leadership development</li> </ul> <p>Our annual CSR materiality assessment also includes an array of fact-finding forums, including interviews and workshops with internal stakeholders, Xerox leaders and feedback from our employees and employee priorities is one of the criteria factored into this assessment.</p>
Investors	Relevant, always included	<p>Xerox’s formal documented annual CSR materiality assessment process considers relevant sustainability/CSR issues impacting Xerox products and services. Use of water in our operations and water in our supply chain and investor priorities is a criteria factored into this assessment. We also regularly engage with our shareholders about environmental programs, goals and performance via the following methods:</p> <ul style="list-style-type: none"> <li>• Annual meeting of shareholders</li> <li>• Quarterly teleconferences</li> <li>• One-on-one investor briefings</li> <li>• Annual investor conference</li> <li>• Small group meetings</li> </ul>

		We also report water issues and responses in our global Corporate Social Responsibility (CSR) report which is provided to investors.
Local communities	Relevant, always included	<p>Our employees regularly engage with local communities through participation in hundreds of community-related projects worldwide. Through our outreach program, Xerox informs the community about its environmental performance related to its water goals and other environmental goals. Xerox engages with the community in the following ways:</p> <ul style="list-style-type: none"> <li>• Our Annual Report on Corporate Social Responsibility (CSR Report) provides EHS&amp;S performance data on our products, processes and facilities along with information about our environmental sustainability challenges and goals, as well as corporate governance, ethics, workplace practices and philanthropy.</li> <li>• External websites such as <a href="http://www.xerox.com">www.xerox.com</a> and <a href="http://www.xerox.com/environment">www.xerox.com/environment</a> provide current information on the EHS&amp;S policies at Xerox, environmental attributes and performance of products and services, environmental goals and policies, and collaterals that address environmental sustainability and health and safety.</li> <li>• Xerox blogs inform the public about environmental matters at Xerox and in the world at-large and allow for comments and questions from readers.</li> <li>• Through social media such as Twitter and Facebook posts, and participation in Twitter chats and Google Hangouts.</li> <li>• Presentations, panel discussions, media appearances, interviews and press releases.</li> <li>• Maintaining a working relationship with local town and village environmental authorities by routinely reporting data on process discharges to the town and village sewage treatment plant.</li> </ul> <p>To date we have not been made aware of any situations regarding conflicting water resources / water issues concerning local communities relevant to our facilities. We will consult with local communities should an issue arise.</p>
NGOs	Relevant, always included	Xerox's formal documented annual CSR materiality assessment process considers relevant sustainability/CSR issues impacting Xerox products and services, including water in our operations and water in our supply chain, and the priorities of NGOs are one of the criteria factored into this assessment. We also regularly engage with environmental groups about our environmental programs, goals and performance. The method for how this occurs depend on the specific NGO. For example, we have partnered with selected NGOs, including The Nature

		<p>Conservancy. The Xerox Foundation granted over \$2M to the Nature Conservancy between 2006-2016. These funds have been used for a variety of environmental stewardship projects, e.g. in 2016 Xerox's contribution enabled the completing of a hiking trail between two lakes that are used for water supply for the city of Rochester. In addition, Xerox partnered with TNC to promote water conservation in a high visibility outreach program at the Rochester Jazz Festival. We also participate in local and national environmental organization such as Air and Waste Management Association (AWMA) and New York Water Environment Association (NYWEA). We are a board member of the local AWMA chapter and participate in monthly meeting of local affiliates.</p> <p>To date we have not been made aware of any situations regarding conflicting water resources / water issues concerning NGOs relevant to our facilities. We will consult with relevant NGOs should an issue arise.</p>
Other water users at a basin/catchment level	Relevant, always included	Xerox regularly engages with other local stakeholders where it has a presence on various issues, including environmental concerns. The methods for how this occurs depend on the specific issue at stake. For example, at our Webster facility we participate in a local Industrial Committee whose members include local industries and other water users, regulators and local water and wastewater utility providers etc. Issues discussed include local water quality and regulatory issues.
Regulators	Relevant, always included	Many of our sites have sanitary sewer Industrial Wastewater discharge permits and consequently regularly engage with local regulators via site meetings as well as written communication. Through frequent engagement with policy makers and active memberships with trade associations and partnerships, EHS&S tracks water legislation and policy changes that may affect the company. Consequently, we examine changing external factors, including regulations and regulatory priorities in our corporate CSR materiality assessment process.
River basin management authorities	Not relevant, explanation provided	Due to the nature of our operations (i.e. we do not directly abstract from or discharge to the local surface water system at the majority of our sites) to date river basin management authorities have not been considered in our water risk assessments. We will consult with relevant local river basin management authorities should an issue arise.
Statutory special interest groups at a local level	Relevant, sometimes included	We regularly engage with local environmental groups about our environmental programs, goals and performance. The method for how this occurs depend on the specific example. For

		example, at our Webster facility we participate in a local Industrial Committee whose members include local industries and other water users, regulators and local water and wastewater utility providers etc. Issues discussed include local water quality and regulatory issues.
Suppliers	Relevant, always included	<p>Xerox suppliers rely on clean water to operate; consequently, water in our supply chain is considered in our corporate CSR materiality assessment and Business Continuity Assurance Process. Our CSR materiality assessment also includes an array of fact-finding forums, including discussions with our suppliers and supplier priorities is one of the criteria factored into this assessment. We also adopt the Responsible Business Alliance (RBA) Code of Conduct on CSR for our suppliers, which include standards regarding water usage and pollution. To monitor compliance to the Code of Conduct and our suppliers' exposure to water risks, we use Self-Assessment Questionnaires and conduct site audits of our key suppliers. High risk suppliers include suppliers who have high risk financial profiles, have zero tolerance or major observation issues during audits or are located in high risk geographies.</p> <p>Other methods used to engage with our suppliers include:</p> <ul style="list-style-type: none"> <li>• Routine business reviews with key suppliers</li> <li>• Annual communication of Xerox supplier code of conduct to supplier base</li> <li>• Xerox purchasing staff located in regions where suppliers are located</li> <li>• Inclusion of small and diverse businesses through our Supplier Diversity Program</li> </ul>
Water utilities at a local level	Relevant, always included	All of our sites utilize water sourced from local municipal suppliers and consequently regularly engage with local water utility providers as required. The method for how this occurs depend on the specific example. For example, at our Webster facility we participate in a local Industrial Committee whose members include local industries and other water users, regulators and local water and wastewater utility providers etc. Issues discussed include local water quality and regulatory issues.
Other stakeholder, please specify	Not considered	No other relevant stakeholders have been identified.

## W3.3d

### **(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.**

Xerox uses several methods to identify significant water risks related to our direct operations and supply chain:

- All our major operating units and key corporate functions are responsible for evaluating, monitoring and managing site specific risks within their business using internal company knowledge and EHS&S expertise of the local situation, stakeholder issues, facility type and size and thus potential to impact global revenue.
- Adherence to Xerox's EHS&S policy is achieved through internal surveillance audits including evaluating all our facilities for potable water for human consumption and hygiene and environmental aspects including sanitary water discharges.
- We adopt the Responsible Business Alliance (RBA) Code of Conduct on CSR for all our suppliers, which include standards regarding water usage and pollution. To monitor compliance and suppliers' exposure to water risks we use questionnaires and conduct site audits of our key suppliers. In addition to these existing processes that are integrated into standard business practices, the WRI Aqueduct Water Risk Atlas Tool and WWF Water Risk Filter were used to identify facilities within our Technology operations located in river basins classified as water scarce, exposed to physical water scarcity or severe drought, or at high risk of flooding. In 2020 this assessment was extended include preliminary assessment of Xerox service operations and large offices with more than 100 employees. These tools were selected as they are robust and well recognized water risk assessment tools for identify water stressed locations and locations exposed to water risk.
- Finally, Xerox's formal annual CSR materiality assessment process considers relevant sustainability/CSR issues impacting Xerox products, services, processes and operations. It is conducted by the CSR Council and aggregates information gained from the methods described above and also includes interviews and workshops with internal stakeholders and leaders, reviews of public and internal documents; discussions with external stakeholders including suppliers; and feedback from employees. Subject matter experts are identified for all the high risk/opportunity issues and are responsible for defining and implementing the necessary actions to respond to the issues identified. We prioritize the risks in terms of current risk profile as well as the projected risk profile upon completion of the documented risk mitigation plans.

## W4. Risks and opportunities

### W4.1

#### **(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes, both in direct operations and the rest of our value chain

## W4.1a

### **(W4.1a) How does your organization define substantive financial or strategic impact on your business?**

Assuming a lead role in sustainability requires a focused effort on aspects that will drive the greatest value to our stakeholders and company and we utilize materiality assessments to prioritize this effort. Xerox's formal CSR materiality assessment process considers relevant sustainability/CSR topics impacting Xerox products, services, processes and operations, including water in our operations and supply chain. Each topic is assessed for both importance to our stakeholders as well as significance of positive and negative impacts to the economy/society/environment from Xerox's operations, products and facilities. Each topic is given a numerical score against the criteria to aid prioritization. Results are presented via a matrix so the importance of the topics can be visually presented. Subject matter experts are identified for all the high risk/opportunity issues and are responsible for defining and implementing necessary actions to respond to the issues identified. We prioritize the risks in terms of current risk profile as well as the projected risk profile on completion of the risk mitigation plans. Opportunities are prioritized on relative effort (measured by cost, time and intangibles) and benefit (measured by revenue opportunity, reduced liability and intangibles).

Xerox has identified water as a low risk material aspect; we completed our initial assessment in 2014 and have updated it annually since then and it has continued to be rated as low risk. However, we have identified specific facilities within our direct operations exposed to water risk that could generate "a substantive change in our business operations, revenue or expenditure" based on meeting the following criteria:

1. Facility locations classified as water stressed or water scarce according to publicly available water tools (WWF Water Risk Filter and WRI Aqueduct)
2. Consideration of internal company knowledge (e.g. from the materiality processes described above) regarding the local water situation, the facility type, size and strategic importance and thus potential to impact/reduce global revenue (i.e. the Technology business represents ~60% total global revenue). For instance, toner manufacturing operations use water as raw material and thus, in the event of a future water restriction, have the potential for operations to be impacted resulting in potential additional costs associated with switching toner production to an alternative site. Large office/R&D facilities (i.e. >100 employees) also have a potential to be impacted in the event of future water restriction, and availability of high quality potable water is one factor that plays into Xerox facility siting decisions.
3. When identifying and assessing risks, Xerox defines "substantive impact" as any activity that causes a substantive impact/change (positive or negative) on revenue growth, profitability, operating costs, brand value/corporate reputation, innovation or customer satisfaction affecting either publicly reported financial results, changes to existing enterprise risk assessment results requiring mitigating action, or impacting component or product availability to the extent customer shipments or schedule are impacted. We use a materiality threshold of >\$2 million impact to quantify substantive change.

## W4.1b

**(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?**

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	4	Less than 1%	Facilities identified as being in water-stressed regions include the Oklahoma Manufacturing facility in Yukon, OK, USA; the Venray Manufacturing facility in Venray, Netherlands; operations in Cincinnati, OH, USA; and the Palo Alto Research Center in Palo Alto, CA, USA.

## W4.1c

**(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?**

### Country/Area & River basin

Netherlands  
Meuse

### Number of facilities exposed to water risk

1

### % company-wide facilities this represents

Less than 1%

### % company's total global revenue that could be affected

1-10

### Comment

Water-related risks in Venray center around flood risks due to rising sea levels, severe storms, increased precipitation, and potential failure of water control measures that could result in catastrophic floods, as well as the increased risk of drought. Changing precipitation patterns causing extremes such as drought events could lead to energy and water resource shortages causing disruption in our operations and therefore could also increase the cost of doing business (though not disproportionately from competitors).

Resiliency and effective response to any type of events, environmental or otherwise that may impact Xerox's ability to achieve our business objectives is a critical business

requirement. Preparedness is achieved through a management system known as the Business Continuity Assurance Process (BCAP). Business continuity is a critical component of the Xerox risk management portfolio. It includes four disciplines:

- Emergency Preparedness: the response to localized emergencies.
- Crisis Management: the coordination of resources to mitigate the impact of significant emergencies.
- IT Disaster Recovery: the recovery of electronic systems or data.
- Business Resumption: the processes implemented to fully resume business activities.

The Business Continuity process includes business impact analyses (including water-related risks such as flooding and water supply interruption), self-assessments/audits, periodic validations, and plan status reporting to Xerox management. For example, each individual site has a Business Resumption Plan for their site, which allows them to prepare for water related risks at their site. The availability of sufficient quantities of water is also included in the questionnaire conducted by Corporate Real Estate when making business decisions regarding site expansions and acquisitions. Cost for the Business Continuity program office (3 full time employees) to prepare, review and update and annually test the BRP, plus approximately 50 worldwide business continuity coordinators, are integrated into our normal operations and businesses processes, but are estimated to be less than \$500k/yr.

As part of our commitment to conserve resources, we monitor water withdrawal across the worldwide facilities of our Technology business. We have set a corporate target to reduce water consumption by 35% by 2020 against a 2010 baseline and are on track to meet this target.

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**Country/Area & River basin**

United States of America

Other, please specify

Arkansas and Red Rivers, Mississippi River Basin

**Number of facilities exposed to water risk**

1

**% company-wide facilities this represents**

Less than 1%

**% company's total global revenue that could be affected**

1-10

**Comment**

Water-related risks in Yukon, OK and the greater Oklahoma City area center around drought and water availability issues due to rising temperatures and long-term drying trends. Additional risks are present due to severe storms, increased precipitation, and potentially catastrophic floods. Changing precipitation patterns causing extremes such as drought events could lead to energy and water resource shortages causing disruption



in our operations and therefore could also increase the cost of doing business (though not disproportionately from competitors).

Resiliency and effective response to any type of events, environmental or otherwise that may impact Xerox's ability to achieve our business objectives is a critical business requirement. Preparedness is achieved through a management system known as the Business Continuity Assurance Process (BCAP). Business continuity is a critical component of the Xerox risk management portfolio. It includes four disciplines:

- Emergency Preparedness: the response to localized emergencies.
- Crisis Management: the coordination of resources to mitigate the impact of significant emergencies.
- IT Disaster Recovery: the recovery of electronic systems or data.
- Business Resumption: the processes implemented to fully resume business activities.

The Business Continuity process includes business impact analyses (including water-related risks such as flooding and water supply interruption), self-assessments/audits, periodic validations, and plan status reporting to Xerox management. For example, each individual site has a Business Resumption Plan for their site, which allows them to prepare for water related risks at their site. The availability of sufficient quantities of water is also included in the questionnaire conducted by Corporate Real Estate when making business decisions regarding site expansions and acquisitions. Cost for the Business Continuity program office (3 full time employees) to prepare, review and update and annually test the BRP, plus approximately 50 worldwide business continuity coordinators, are integrated into our normal operations and businesses processes, but are estimated to be less than \$500k/yr.

As part of our commitment to conserve resources, we monitor water withdrawal across the worldwide facilities of our Technology business. We have set a corporate target to reduce water consumption by 35% by 2020 against a 2010 baseline and are on track to meet this target.

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**Country/Area & River basin**

United States of America  
Mississippi River

**Number of facilities exposed to water risk**

1

**% company-wide facilities this represents**

Less than 1%

**% company's total global revenue that could be affected**

1-10

**Comment**

Water-related risks in the greater Cincinnati, OH area center around drought and water availability issues due to rising temperatures and long-term drying trends. Additional risks are present due to severe storms, increased precipitation, and potentially catastrophic flooding of the Mississippi River, the Ohio River, and other streams, rivers and tributaries. Changing precipitation patterns causing extremes such as drought or flood events could lead to energy and water resource shortages causing disruption in our operations and therefore could also increase the cost of doing business (though not disproportionately from competitors).

Resiliency and effective response to any type of events, environmental or otherwise that may impact Xerox's ability to achieve our business objectives is a critical business requirement. Preparedness is achieved through a management system known as the Business Continuity Assurance Process (BCAP). Business continuity is a critical component of the Xerox risk management portfolio. It includes four disciplines:

- Emergency Preparedness: the response to localized emergencies.
- Crisis Management: the coordination of resources to mitigate the impact of significant emergencies.
- IT Disaster Recovery: the recovery of electronic systems or data.
- Business Resumption: the processes implemented to fully resume business activities.

The Business Continuity process includes business impact analyses (including water-related risks such as flooding and water supply interruption), self-assessments/audits, periodic validations, and plan status reporting to Xerox management. For example, each individual site has a Business Resumption Plan for their site, which allows them to prepare for water related risks at their site. The availability of sufficient quantities of water is also included in the questionnaire conducted by Corporate Real Estate when making business decisions regarding site expansions and acquisitions. Cost for the Business Continuity program office (3 full time employees) to prepare, review and update and annually test the BRP, plus approximately 50 worldwide business continuity coordinators, are integrated into our normal operations and businesses processes, but are estimated to be less than \$500k/yr.

As part of our commitment to conserve resources, we monitor water withdrawal across the worldwide facilities of our Technology business. We have set a corporate target to reduce water consumption by 35% by 2020 against a 2010 baseline and are on track to meet this target.

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**Country/Area & River basin**

United States of America

Other, please specify

Coyote River, California River

**Number of facilities exposed to water risk**

1

**% company-wide facilities this represents**

Less than 1%

**% company's total global revenue that could be affected**

1-10

**Comment**

Water-related risks in the San Francisco area center around drought and water availability issues due to rising temperatures and long-term drying trends. Drought conditions, persistent drying conditions, seasonal precipitation variability and wind factors also combine to present a high fire risk. Additional risks are present due to flooding from sea level rise or severe storms, increased precipitation, and potentially catastrophic flooding. Changing precipitation patterns causing extremes such as drought or flood events could lead to energy and water resource shortages causing disruption in our operations and therefore could also increase the cost of doing business (though not disproportionately from competitors).

Revenue at risk is due to potential disruption of R&D activities that may forestall commercialization of new products or technologies.

Resiliency and effective response to any type of events, environmental or otherwise that may impact Xerox's ability to achieve our business objectives is a critical business requirement. Preparedness is achieved through a management system known as the Business Continuity Assurance Process (BCAP). Business continuity is a critical component of the Xerox risk management portfolio. It includes four disciplines:

- Emergency Preparedness: the response to localized emergencies.
- Crisis Management: the coordination of resources to mitigate the impact of significant emergencies.
- IT Disaster Recovery: the recovery of electronic systems or data.
- Business Resumption: the processes implemented to fully resume business activities.

The Business Continuity process includes business impact analyses (including water-related risks such as flooding and water supply interruption), self-assessments/audits, periodic validations, and plan status reporting to Xerox management. For example each individual site has a Business Resumption Plan for their site, which allows them to prepare for water related risks at their site. The availability of sufficient quantities of water is also included in the questionnaire conducted by Corporate Real Estate when making business decisions regarding site expansions and acquisitions. Cost for the Business Continuity program office (3 full time employees) to prepare, review and update and annually test the BRP, plus approximately 50 worldwide business continuity coordinators, are integrated into our normal operations and businesses processes, but are estimated to be less than \$500k/yr.

As part of our commitment to conserve resources, we monitor water withdrawal across the worldwide facilities of our Technology business. We have set a corporate target to

reduce water consumption by 35% by 2020 against a 2010 baseline and are on track to meet this target.

## W4.2

**(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

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### **Country/Area & River basin**

Netherlands  
Meuse

### **Type of risk & Primary risk driver**

Physical  
Increased water scarcity

### **Primary potential impact**

Reduction or disruption in production capacity

### **Company-specific description**

Xerox operations rely on water to operate, including manufacturing-related uses (process, cleaning and cooling water uses) as well as office-based uses (drinking and sanitary water) that are located in regions that are currently classified as water scarce. Changing precipitation patterns causing extremes such as drought events could lead to localized energy and water resource shortages causing disruption in our operations and therefore could also increase the cost of doing business (though not disproportionately from competitors). This risk potentially impacts our Venray operations, located in the Meuse River Basin. Impacts are likely to be short term, but could cause disruption to ongoing manufacturing processes or result in increases to the cost of water, and therefore increases in operating costs.

### **Timeframe**

4-6 years

### **Magnitude of potential impact**

Low

### **Likelihood**

Unlikely

### **Are you able to provide a potential financial impact figure?**

No, we do not have this figure

### **Potential financial impact figure (currency)**

### **Potential financial impact figure - minimum (currency)**

## Potential financial impact figure - maximum (currency)

### Explanation of financial impact

Data not available.

### Primary response to risk

Develop drought emergency plans

### Description of response

As part of our commitment to conserve resources, we monitor water withdrawal across the worldwide facilities of our Technology business. We have set a corporate target to reduce water consumption by 35% by 2020 against a 2010 baseline and are on track to meet that target.

Resiliency and effective response to any type of events, environmental or otherwise that may impact Xerox's ability to achieve our business objectives is a critical business requirement. Preparedness is achieved through a management system known as the Business Continuity Assurance Process (BCAP). Business continuity is a critical component of the Xerox risk management portfolio. It includes four disciplines:

- Emergency Preparedness: the response to localized emergencies.
- Crisis Management: the coordination of resources to mitigate the impact of significant emergencies.
- IT Disaster Recovery: the recovery of electronic systems or data.
- Business Resumption: the processes implemented to fully resume business activities.

The Business Continuity process includes business impact analyses (including water related risks such as flooding and water supply interruption), self-assessments /audits, periodic validations, and plan status reporting to Xerox management. For example, each individual site has a Business Resumption Plan for their site, which allows them to prepare for water related risks at their site.

The availability of sufficient quantities of water is also included in the questionnaire conducted by Corporate Real Estate when making business decisions regarding site expansions and acquisitions.

### Cost of response

500,000

### Explanation of cost of response

Cost for the Business Continuity program office (3 full time employees) to prepare, review and update and annually test the BRP, plus approximately 50 worldwide business continuity coordinators, are integrated into our normal operations and businesses processes, but are estimated to be less than \$500k/yr.

**Country/Area & River basin**

United States of America  
Mississippi River

**Type of risk & Primary risk driver**

Physical  
Increased water scarcity

**Primary potential impact**

Reduction or disruption in production capacity

**Company-specific description**

Xerox operations rely on water to operate, including manufacturing-related uses (process, cleaning and cooling water uses) as well as office-based uses (drinking and sanitary water) that are located in regions that are currently classified as water scarce. Changing precipitation patterns causing extremes such as drought events could lead to localized energy and water resource shortages causing disruption in our operations and therefore could also increase the cost of doing business (though not disproportionately from competitors). This risk potentially impacts OKC and Cincinnati operations, both located in the Mississippi River Basin. Impacts are likely to be short term, but could cause disruption to ongoing manufacturing processes or result in increases to the cost of water, and therefore increases in operating costs.

**Timeframe**

1-3 years

**Magnitude of potential impact**

Low

**Likelihood**

About as likely as not

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial impact**

Data not available.

**Primary response to risk**

Adopt water efficiency, water reuse, recycling and conservation practices

### Description of response

As part of our commitment to conserve resources, we monitor water withdrawal across the worldwide facilities of our Technology business. We have set a corporate target to reduce water consumption by 35% by 2020 against a 2010 baseline. We also regularly evaluate opportunities to reduce water use. For instance, we have identified oversized infrastructure, such as chillers, and replaced them with more appropriately sized equipment and/or with different style chillers that do not require cooling towers.

Improvement projects are supplemented with business resiliency activities. Resiliency and effective response to any type of events, environmental or otherwise that may impact Xerox's ability to achieve our business objectives is a critical business requirement. Preparedness is achieved through a management system known as the Business Continuity Assurance Process (BCAP). Business continuity is a critical component of the Xerox risk management portfolio. It includes four disciplines:

- Emergency Preparedness: the response to localized emergencies.
- Crisis Management: the coordination of resources to mitigate the impact of significant emergencies.
- IT Disaster Recovery: the recovery of electronic systems or data.
- Business Resumption: the processes implemented to fully resume business activities.

The Business Continuity process includes business impact analyses (including water related risks such as flooding and water supply interruption), self-assessments /audits, periodic validations, and plan status reporting to Xerox management. For example, each individual site has a Business Resumption Plan for their site, which allows them to prepare for water related risks at their site.

The availability of sufficient quantities of water is also included in the questionnaire conducted by Corporate Real Estate when making business decisions regarding site expansions and acquisitions.

### Cost of response

500,000

### Explanation of cost of response

Costs for infrastructure replacement vary annually depending on approved projects.

Cost for the Business Continuity program office (3 full time employees) to prepare, review and update and annually test the BRP, plus approximately 50 worldwide business continuity coordinators, are integrated into our normal operations and businesses processes, but are estimated to be less than \$500k/yr.

---

### Country/Area & River basin

Netherlands  
Meuse

**Type of risk & Primary risk driver**

Physical  
Flooding

**Primary potential impact**

Reduction or disruption in production capacity

**Company-specific description**

Flooding events, whether due to larger trends such as sea level rise or in association with changes to local precipitation patterns, severe storms, storm surge or other severe events, may impact facilities by damaging infrastructure or operations or may disrupt transportation and logistics due to flooded streets, mud slides, or damage to electrical or other utilities. In these cases, there may be disruption to operations as well as risk to employee safety and remediation/mitigation costs.

Additionally, in the Netherlands there is potential for catastrophic flooding damage should existing flood control measures fail.

**Timeframe**

1-3 years

**Magnitude of potential impact**

Low

**Likelihood**

About as likely as not

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial impact**

No data available. Costs vary widely depending on event circumstances.

**Primary response to risk**

Develop flood emergency plans

**Description of response**

Resiliency and effective response to any type of events, environmental or otherwise that may impact Xerox's ability to achieve our business objectives is a critical business requirement. Preparedness is achieved through a management system known as the Business Continuity Assurance Process (BCAP). Business continuity is a critical



component of the Xerox risk management portfolio. It includes four disciplines:

- Emergency Preparedness: the response to localized emergencies.
- Crisis Management: the coordination of resources to mitigate the impact of significant emergencies.
- IT Disaster Recovery: the recovery of electronic systems or data.
- Business Resumption: the processes implemented to fully resume business activities.

The Business Continuity process includes business impact analyses (including water related risks such as flooding and water supply interruption), self-assessments /audits, periodic validations, and plan status reporting to Xerox management. For example, each individual site has a Business Resumption Plan for their site, which allows them to prepare for water related risks at their site.

The availability of sufficient quantities of water is also included in the questionnaire conducted by Corporate Real Estate when making business decisions regarding site expansions and acquisitions.

### **Cost of response**

500,000

### **Explanation of cost of response**

Cost for the Business Continuity program office (3 full time employees) to prepare, review and update and annually test the BRP, plus approximately 50 worldwide business continuity coordinators, are integrated into our normal operations and businesses processes, but are estimated to be less than \$500k/yr.

---

### **Country/Area & River basin**

United States of America

Mississippi River

### **Type of risk & Primary risk driver**

Physical

Flooding

### **Primary potential impact**

Reduction or disruption in production capacity

### **Company-specific description**

Xerox's North American operations could be impacted by more frequent short term business disruptions due to severe weather/natural disasters/flooding. Floods may endanger facilities and personnel, or may cause damage our outages of critical infrastructure related to transportation or energy availability. These events could impair our ability to effectively provide services to our customers and keep our costs aligned to our associated revenues and market requirements.

The Mississippi River basin is extensive and subject to flooding at any number of sub-

basins in response to run-off from weather events that may occur hundreds of miles away from the impacted facility.

**Timeframe**

1-3 years

**Magnitude of potential impact**

Low

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial impact**

Costs highly variable due to actual event conditions.

**Primary response to risk**

Amend the Business Continuity Plan

**Description of response**

Events during the recent past in the United States have shown how our business continuity practitioners have worked in concert with our processes to ensure the safety of people and assets and the resumption of business. For example in 2012, 76 Xerox facilities were forced to close for a limited time period and 102 customers in the United States were impacted by Super Storm Sandy. In April 2013, with the threat of a tornado at a Dallas customer care center, all employees were moved to safe zone areas and all inbound calls were rerouted to Chicago and New York back-up sites. All calls were successfully handled and the business was able to resume in the Dallas area within the hour. In all such cases, the Business Continuity Plan of the impacted facility and other facilities at similar risk are evaluated and modified as needed to better address risk and response.

**Cost of response**

500,000

**Explanation of cost of response**

Cost for the Business Continuity program office (3 full time employees) to prepare, review and update and annually test the BRP, plus approximately 50 worldwide

business continuity coordinators, are integrated into our normal operations and businesses processes, but are estimated to be less than \$500k/yr.

## W4.2a

**(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

---

### Country/Area & River basin

China  
Not known

### Stage of value chain

Supply chain

### Type of risk & Primary risk driver

Physical  
Increased water stress

### Primary potential impact

Reduction or disruption in production capacity

### Company-specific description

We have outsourced a significant portion of our manufacturing operations to 3rd parties and various service providers who also require water to operate (sanitary and process water). For example the manufacture of electronic components requires substantial volumes of clean water therefore a lack of access to good quality water has potential to disrupt our supply chain. Some of Xerox's suppliers are in locations that are currently classified as water scarce (e.g. regions of China).

Changes in precipitations patterns could lead to water resource shortages and result in disruption in production capacity, manufacturing costs could be higher than planned and the reliability of our products could decline if electronic components are not available or cannot be shipped to Xerox in a timely manner. If any of these risks were to be 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. Although no Xerox suppliers have experienced any disruptions to manufacturing operations relating to water availability, the potential risk cannot be discounted.

### Timeframe

4-6 years

### Magnitude of potential impact

Medium-low

**Likelihood**

Unlikely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial impact**

Data not available.

**Primary response to risk**

Supplier engagement  
Develop supplier drought emergency plans

**Description of response**

Xerox has formal Business Resumption Plans for parts or subassemblies so that in the event of a climate related disruption, natural disaster, etc. there would only be a temporary disruption while orders are moved to the alternate supplier. For example, we require that all 'critical' Technology suppliers also maintain an acceptable business resumption plan and we audit the plans on a routine basis. 'Critical' suppliers are identified based on business risk and revenue impact criteria:

- Business risk criteria include length of time for a supplier to resume normal business after an adverse event, % of revenue Xerox represents, stability of the industry, propensity for natural disasters etc.
- Revenue impact criteria include amount spent, length of time before the machines/parts in field are impacted and spread across Xerox product families.

Additionally, the Xerox Global Procurement department works with our Value Chain Partners to identify alternative suppliers in the event of a supplier issue that causes a supply or services continuity issue. All our key suppliers in Asia have BRPs established and we continuously work with them to ensure their BRPs are updated and robust. The usual measurement of impact is "lead-time to recovery", measured in calendar weeks that can range from 1 week to 2 months. In suppliers' BRPs, the process is to rank their commodities according to criticality, thereafter allocate resources to mitigate the impact should these commodities become unavailable during disasters. This is usually done by having buffer inventory of up to 2 months or having alternate sources. In some cases, plans are put into place to expedite the arrival of critical materials, such as air shipping of replacement raw materials from alternate suppliers if a primary supplier is impacted.

**Cost of response**

500,000

### **Explanation of cost of response**

Cost for the Business Continuity program office (3 full time employees) to prepare review and update and annually test the BRP, plus approximately 50 worldwide business continuity coordinators, are integrated into our normal operations and businesses processes, but are estimated to be less than \$500k/yr.

---

### **Country/Area & River basin**

Japan  
Not known

### **Stage of value chain**

Supply chain

### **Type of risk & Primary risk driver**

Physical  
Flooding

### **Primary potential impact**

Increased operating costs

### **Company-specific description**

We have outsourced a significant portion of our manufacturing operations to 3rd parties and various service providers. Some of Xerox's suppliers are in locations that have historically been impacted by severe weather and flooding, especially in Japan. Therefore there is potential that those suppliers may experience disruptions, manufacturing costs could be higher than planned and the reliability of our products could decline. If any of these risks were to be 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.

Xerox suppliers could be impacted by more frequent business disruptions as a result of severe weather events, resulting in a reduction / disruption in production capacity and that electronic components are not available or cannot be shipped to Xerox in a timely manner. For example the Japanese tsunami in March 2011 resulted in business interruptions and additional costs to Xerox due to premium air-freight charges.

### **Timeframe**

4-6 years

### **Magnitude of potential impact**

Medium-low

### **Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial impact**

Costs depend on specific incident characteristics.

**Primary response to risk**

Supplier engagement  
Develop supplier flood emergency plans

**Description of response**

Xerox has formal Business Resumption Plans for parts or subassemblies so that in the event of severe weather/flooding/ natural disaster, etc. there would only be a temporary disruption while orders are moved to the alternate supplier. For example we require that all 'critical' Technology suppliers also maintain an acceptable business resumption plan and we audit the plans on a routine basis. 'Critical' suppliers are identified based on business risk and revenue impact criteria:

- Business risk criteria include length of time for a supplier to resume normal business after an adverse event, % of revenue Xerox represents, stability of the industry, propensity for natural disasters etc.
- Revenue impact criteria include amount spent, length of time before the machines/parts in field are impacted and spread across Xerox product families.

Additionally, the Xerox Global Procurement department works with our Value Chain Partners to identify alternative suppliers in the event of a supplier issue that causes a supply or services continuity issue. All our key suppliers in Asia have BRPs established and we continuously work with them to ensure their BRPs are updated and robust. The usual measurement of impact is "lead-time to recovery", measured in calendar weeks that can range from 1 week to 2 months. In suppliers' BRPs, the process is to rank their commodities according to criticality, thereafter allocate resources to mitigate the impact should these commodities become unavailable during disasters. This is usually done by having buffer inventory of up to 2 months or having alternate sources. In some cases, plans are put into place to expedite the arrival of critical materials, such as air shipping of replacement raw materials from alternate suppliers if a primary supplier is impacted.

**Cost of response**

500,000

**Explanation of cost of response**

Cost for the Business Continuity program office (3 full time employees) to prepare review and update and annually test the BRP, plus approximately 50 worldwide business continuity coordinators, are integrated into our normal operations and businesses processes, but are estimated to be less than \$500k/yr.

## W4.3

**(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes, we have identified opportunities, and some/all are being realized

## W4.3a

**(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.**

---

### Type of opportunity

Efficiency

### Primary water-related opportunity

Cost savings

### Company-specific description & strategy to realize opportunity

We recognize that water efficiency initiatives may also result in financial savings. For example, eliminating once through cooling systems in air compressors at Webster is estimated to have saved the company ~\$136,000 per year in water costs and water efficiency projects implemented at Webster between 2010 and 2014 is estimated to have saved the company ~\$156,000 per year in water costs. Improvements being implemented in 2020 and 2021 to the sanitary sewer infrastructure at the Webster, NY facility are anticipated to save up to another \$150,000 per year in water discharge costs.

Assuming an additional 10% saving in water use and sewer discharge costs in the US and Canada, would save ~\$0.2M based on Xerox's current water utility spend in these countries. To manage this opportunity for cost saving we have an ongoing water reduction program and monitor water withdrawal across the worldwide manufacturing, distribution and R&D facilities of our Technology business against our voluntary water reduction target. For instance, we set a corporate target to reduce absolute water withdrawals by 35% by 2020 against a 2010 baseline and have achieved that target. We have a number of projects planned for 2020 and beyond to continue to reduce our water use.

Decreasing use of water either by optimization of manufacturing processes or by recycling or reusing water could result also in reduced cost to manufacture goods or offer services to customers from both reduced water supply costs and in many cases

reduced energy costs.

**Estimated timeframe for realization**

Current - up to 1 year

**Magnitude of potential financial impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

592,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact**

Eliminating once through cooling systems in air compressors at Webster is estimated to have saved the company ~\$136,000 per year in water costs and water efficiency projects implemented at Webster between 2010 and 2014 is estimated to have saved the company ~\$156,000 per year in water costs. Assuming a \$100,000 annual reduction in Webster, NY discharge costs from sewer infrastructure improvements and an additional 10% savings (\$0.2M) in water use and sewer discharge costs in the US and Canada from other water reduction initiatives, is anticipated to save about \$592k per year based on Xerox's current water utility spend in these countries.

---

**Type of opportunity**

Products and services

**Primary water-related opportunity**

Increased sales of existing products/services

**Company-specific description & strategy to realize opportunity**

We recognize opportunity in business resumption challenges experienced by others impacted by adverse weather through increased demand for some of our offerings. As the frequency of extreme weather events increases, impacts such as precipitation extremes /flooding may be partially offset by revenue opportunities associated with Xerox's business continuity products whereby Xerox can keep customers "up and running" after they have been impacted. Increased demand for Xerox's cloud-based products would result in increased revenue to Xerox. Xerox® DocuShare® Private Cloud Service manages and stores information in a secure central repository, in the cloud, which provides access to business critical content both online and offline. This ensures the safety and availability of our customer's data at any time including if



customers have been impacted by adverse weather or other disruptive events. When an organization gets its technical infrastructure and software as a service through a cloud, the potential for a significant weather related disaster to shut down the services or lose data is low. In addition, as the environmental awareness of consumers increases it creates a demand for sustainable products. With an embodied water footprint of 2-13 liters per A4 sheet, paper is a water intensive product. This presents opportunities for Xerox to develop more document management and cloud-based products that reduce paper reduction and in turn help customers reduce their water footprint.

In 2019, Xerox's Managed Document Services offerings (which includes our workflow automation services portfolio and cloud based products) represented 35% of our total 2019 revenue (i.e. \$3,430 Million). Therefore assuming a 0.5% increase in our Managed Document Services offering equates to a ~\$17.2 Million increase in revenue. Our investments in innovation align with our growth opportunities in areas such: Simplifying, automating and enabling business processes on the cloud via flexible platforms that run on robust and scalable infrastructure to enable greater business process agility and resilience; and Reducing the environmental impact of digital printing including cloud based printing. Our fleet of new multifunction devices, will help our customers transform how they work with leading security, high-performance apps, on-the-go print capabilities and cloud connectivity.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

High

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

17,150,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact**

In 2019, Xerox Services offerings (which includes our workflow automation services portfolio and cloud-based products) represented 35% of our total 2019 revenue (i.e. \$3,430 Million). Therefore, assuming a 0.5% increase in our Managed Document Services offering equates to a ~\$17.2 Million increase in revenue.

---

**Type of opportunity**

Markets

**Primary water-related opportunity**

Expansion into new markets

**Company-specific description & strategy to realize opportunity**

Xerox's potential impacts extend beyond air and land. Oceans cover more than 70% of Earth's surface, but there is very little monitoring in place. Researchers at Xerox's Palo Alto Research Facility (PARC) are working with the Defense Advanced Research Projects Agency (DARPA) to better understand what's happening over large ocean areas, both on the surface and underwater. Similar to IoT, this is known as the Ocean of Things (OoT) program. PARC will create low cost solar-powered drifting sensors with multiple sensing technologies, which will collect information on various parameters (such as temperature, pH, motion, noise, etc.) and pass data via satellite to a cloud network for real-time analysis. Then, the OoT program will combine data from multiple floats, seeing the whole picture rather than the single pixel gathered by one sensor. DARPA plans to carry out tests with thousand-float arrays in the Southern California Bight and Gulf of Mexico later in 2020.

Opportunities also exist to expand the customer base for these floating ocean sensors for applications including ocean health monitoring, sustainable fishing and harvesting monitoring, national security monitoring, and monitoring of ocean traffic.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

Medium

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact**

Data not yet publicly available.

---

**Type of opportunity**

Markets

**Primary water-related opportunity**

Strengthened social license to operate

### **Company-specific description & strategy to realize opportunity**

The increasing environmental awareness of consumers globally, particularly regarding climate change and water issues presents an opportunity for Xerox to inform the community about its environmental performance related to its water and other environmental goals through our outreach program.

Xerox engages with the community on important matters that affect them in the following ways:

- Our Annual Report on Global Citizenship provides EHS&S performance data on its products, processes and facilities along with information about its environmental sustainability challenges and goals.
- External websites such as [www.xerox.com](http://www.xerox.com) and [www.xerox.com/environment](http://www.xerox.com/environment), provide current information on the EHS&S policies at Xerox, environmental attributes and performance of products and services, environmental goals and policies.
- Through social media, blogs, presentations, panel discussions, media appearances, interviews and press releases.
- Maintaining a working relationship with local town and village environmental authorities by routinely reporting data on process discharges to the town and village sewage treatment plant.

### **Estimated timeframe for realization**

Current - up to 1 year

### **Magnitude of potential financial impact**

Low

### **Are you able to provide a potential financial impact figure?**

No, we do not have this figure

### **Potential financial impact figure (currency)**

### **Potential financial impact figure – minimum (currency)**

### **Potential financial impact figure – maximum (currency)**

### **Explanation of financial impact**

Data not available.

## **W5. Facility-level water accounting**

### **W5.1**

**(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.**

---

**Facility reference number**

Facility 1

**Facility name (optional)**

Venray Manufacturing

**Country/Area & River basin**

Netherlands  
Meuse

**Latitude**

51.542952

**Longitude**

5.981852

**Located in area with water stress**

Yes

**Total water withdrawals at this facility (megaliters/year)**

20.88

**Comparison of total withdrawals with previous reporting year**

Lower

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

20.88

**Total water discharges at this facility (megaliters/year)**

18.53

**Comparison of total discharges with previous reporting year**

About the same

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

18.53

**Total water consumption at this facility (megaliters/year)**

2.35

**Comparison of total consumption with previous reporting year**

Much lower

**Please explain**

Toner manufacturing operations ceased in Venray in 2019, along with closure of a number of buildings, resulting in 19% decrease in water withdrawals. Discharges were only 3% lower in 2019 than in 2018 (i.e. "about the same"), but YOY consumption was down substantially (-65%), reflecting less use of high evaporative equipment like cooling towers.

---

**Facility reference number**

Facility 2

**Facility name (optional)**

Oklahoma City Manufacturing Plant

**Country/Area & River basin**

United States of America  
Mississippi River

**Latitude**

35.470848

**Longitude**

-97.719607

**Located in area with water stress**

Yes

**Total water withdrawals at this facility (megaliters/year)**

68.56

**Comparison of total withdrawals with previous reporting year**

Much higher

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

68.56

**Total water discharges at this facility (megaliters/year)**

22.72

**Comparison of total discharges with previous reporting year**

Higher

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

22.72

**Total water consumption at this facility (megaliters/year)**

45.84

**Comparison of total consumption with previous reporting year**

Much higher

**Please explain**

OKC increased manufacturing volume in 2019, which increased associated water usage. Withdrawals in 2019 were up almost double those in 2018, while discharges were up about 20%. Overall consumption (withdrawal minus discharge) was up about 200%, reflecting that the increased production volumes at OKC were for water-intensive operations. However, even though water use was significantly higher at this facility, OKC's water use contributes only about 6% to Technology water use.

---

**Facility reference number**

Facility 3

**Facility name (optional)**

Cincinnati Facility

**Country/Area & River basin**

United States of America

Mississippi River

**Latitude**

39.5151

**Longitude**

-84.3983

**Located in area with water stress**

Yes

**Total water withdrawals at this facility (megaliters/year)**

1.28

**Comparison of total withdrawals with previous reporting year**

Lower

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

1.28

**Total water discharges at this facility (megaliters/year)**

1.28

**Comparison of total discharges with previous reporting year**

Lower

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

1.28

**Total water consumption at this facility (megaliters/year)**

0

**Comparison of total consumption with previous reporting year**

About the same

**Please explain**

Reduced production volumes in 2019 led to reduced water withdrawal and discharge of 20%.

---

**Facility reference number**

Facility 4

**Facility name (optional)**

Palo Alto Research Center (PARC)

**Country/Area & River basin**

United States of America

Other, please specify

Coyote River, California River Basin

**Latitude**

37.402735

**Longitude**

-122.148601

**Located in area with water stress**

Yes

**Total water withdrawals at this facility (megaliters/year)**

20.73

**Comparison of total withdrawals with previous reporting year**

Higher



**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

20.73

**Total water discharges at this facility (megaliters/year)**

11.65

**Comparison of total discharges with previous reporting year**

Higher

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

11.65

**Total water consumption at this facility (megaliters/year)**

9.08

**Comparison of total consumption with previous reporting year**

Higher

**Please explain**

Increased R&D activity in 2019 led to about 50% increase in water use.

## **W5.1a**

**(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?**

**Water withdrawals – total volumes**

---

**% verified**

Not verified

**Water withdrawals – volume by source**

---

**% verified**

Not verified

**Water withdrawals – quality**

---

**% verified**

Not verified

**Water discharges – total volumes**

---

**% verified**

Not verified

**Water discharges – volume by destination**

---

**% verified**

Not verified

**Water discharges – volume by treatment method**

---

**% verified**

Not verified

**Water discharge quality – quality by standard effluent parameters**

---

**% verified**

Not verified

**Water discharge quality – temperature**

---

**% verified**

Not verified

**Water consumption – total volume**

---

**% verified**

Not verified

**Water recycled/reused**

---

**% verified**

Not verified

## W6. Governance

### W6.1

#### (W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

#### W6.1a

#### (W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	<p>Description of water-related performance standards for direct operations</p> <p>Description of water-related standards for procurement</p> <p>Company water targets and goals</p> <p>Commitment to stakeholder awareness and education</p> <p>Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace</p> <p>Other, please specify</p> <p>Incorporated within group environmental, sustainability or EHS Policy</p>	<p>Xerox companywide EHS&amp;S Policy includes water in our commitment to "strive to conserve natural resources, eliminate the use of toxic materials". 'Preserving water' is one of our strategic commitment areas. Our water-related commitments are publicly communicated via our website and in our corporate social responsibility reporting.</p> <p>We ensure companywide adherence to our EHS&amp;S policy through global standards and surveillance audits. All manufacturing &amp; distribution sites implement ISO14001 and define water reduction targets and actions; these prescribe the performance standards for direct operations.</p> <p>To ensure our technology suppliers operate according to water use and pollution industry standards we adopt the Responsible Business Alliance (RBA) Code of Conduct, which prescribes the performance standards expected of our suppliers.</p> <p>We take an integrated approach to ensure water is managed across all direct operations and suppliers consistent with other sustainability issues and as part of our standard business practices. Our Code of Business Conduct supports the principles of The UN Universal Declaration of Human Rights which acknowledges that clean drinking water and sanitation are essential to the realization of human rights.</p> <p>Most Xerox products do not require consumers to use water. However though outreach programs, we inform</p>

			customers/communities about sustainability issues such as water, e.g. with The Nature Conservancy we provided a water filling station at a local festival to encourage attendees to learn about their water source and actions to conserve local waters.
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## W6.2

**(W6.2) Is there board level oversight of water-related issues within your organization?**

Yes

### W6.2a

**(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.**

Position of individual	Please explain
Chief Executive Officer (CEO)	<p>Board level responsibility for CSR, including water-related issues lies jointly between the CEO and the Corporate Governance Committee (CGC) of the Board of Directors. The CEO's water-related responsibilities include:</p> <ul style="list-style-type: none"> <li>• Developing water-related strategy,</li> <li>• Monitoring water targets</li> <li>• Considering water-related issues when guiding business strategy, risk management policies and overseeing major capital expenditures, acquisitions, and divestitures</li> <li>• Approving the release of environmental information, including water related info</li> </ul> <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. 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>

Board-level committee	<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.</p> <p>The Corporate Governance Committee (CGC) of the Board of Directors oversees significant shareholder relations issues and CSR matters, including water related risks and opportunities as applicable. Four members of the eight-member Board have knowledge and skills in environmental and risk-related topics, such as risk management, and have held the title of Chief Operating Officer of companies that have reported on environment-related risks and opportunities in the annual SEC 10-k filing.</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>
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## W6.2b

**(W6.2b) Provide further details on the board's oversight of water-related issues.**

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Reviewing and guiding risk management policies	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): <ul style="list-style-type: none"> <li>• confirms the corporate CSR (including water-related) priorities with the CEO and Corporate Governance Committee of the board;</li> <li>• presents the results of the annual CSR materiality assessment and proposed action plan to the board for their approval; and</li> <li>• provides the CEO and the Corporate Governance Committee of the board with a status of CSR (including water-related) progress and recommendations going forward.</li> </ul>

### W6.3

**(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).**

**Name of the position(s) and/or committee(s)**

Chief Sustainability Officer (CSO)

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

As important matters arise

**Please explain**

The Chief Sustainability Officer (CSO) holds the highest-level management position with direct responsibility for assessing and managing climate related issues. The CSO reports to the Executive Vice President & General Counsel who reports to the CEO and Vice-Chairman of the Board. In this position, the CSO is responsible for overseeing our environmental (including water-related) governance and leads coordination of the company's CSR activities, serving as Executive Director of the CSR Council, communicating sustainability-related issues to the CEO and Board, and ensuring the implementation of related decisions made by the CSR Council and/or board.

The Environment, Health, Safety & Sustainability (EHS&S) group reports directly to the Chief Sustainability Officer.

### W6.4

**(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?**

	Provide incentives for management of water-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	

### W6.5

**(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?**

No

### W6.6

**(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?**

No, and we have no plans to do so

Water risk has been identified as a low materiality issue for Xerox. While we have governance mechanisms in place as well as targets and programs to reduce water use, water issues do not currently rise to the level of materiality to necessitate their inclusion in mainstream financial reports.

## W7. Business strategy

### W7.1

**(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	No, water-related issues were reviewed but not considered as strategically relevant/significant	11-15	<p>Water quantity and quality currently meets our demands without materially affecting our business. Water availability and quality in operations is considered in our corporate CSR materiality assessment process. Xerox combines water scarcity information gained from recognized third party tools (such as the WRI Aquaduct Risk Atlas and the WWF Water Basin Risk tool) with internal knowledge regarding the company's current water use and impacts, as well as potential future changes in water availability, quality and demand / competition to develop a detailed understanding of current and potential future water risks. Major operating units and corporate functions (e.g. Real Estate) are also responsible for evaluating site specific risks e.g. resiliency to events that impact Xerox's ability to achieve business objectives. Preparedness is achieved via the Business Continuity Assurance Process including business impact analysis of risks such as drought and flooding.</p> <p>Assessment of water risks via the Xerox materiality assessment process show that water is available in sufficient quantity and quality to sustain Xerox operations in the areas where it operates, and that Xerox use of water and discharge characteristics are not causing a</p>

			substantial impact upon or risk to local watersheds. Consequently, water issues as low materiality to Xerox, with the exception of discharge and effluents, which are of medium priority.
Strategy for achieving long-term objectives	No, water-related issues were reviewed but not considered as strategically relevant/significant	11-15	Though water-related issues are of low materiality to Xerox, we believe that responsible management of water use and discharge and understanding and reacting to water-related risks and opportunities are an essential part of being a globally-responsible citizen and sustainably-operating company. We conducted a comprehensive review of our environmental impacts and opportunities of Xerox actions, products and services and identified four strategic commitment areas where we can make a significant impact on the environment. One is 'Preserving Clean Air and Water': We work to eliminate the use of persistent, bio-accumulative and toxic materials throughout the supply chain; use water efficiently; and avoid the release of hazardous air emissions. This applies across the value chain; our partnerships, customers, employees and suppliers. We also set metrics and targets related to water use, and incorporate continual improvements in water efficiency into our long-term business strategy. Our commitment and progress towards preserving clean air and water is publicly communicated in our annual CSR Report which is available via our website.
Financial planning	No, water-related issues were reviewed but not considered as strategically relevant/significant	5-10	Though water-related issues are of low overall materiality to Xerox, we have identified specific facilities within our direct operations exposed to water risk that could generate "a substantive change in our business operations, revenue or expenditure" based on meeting the following criteria: <ol style="list-style-type: none"> <li>1. Facility locations classified as water stressed or water scarce according to publicly available water tools (WWF Water Risk Filter and WRI Aqueduct)</li> <li>2. Consideration of internal company knowledge (e.g. from the materiality processes described above) regarding the local water situation, the</li> </ol>



		<p>facility type, size and strategic importance and thus potential to impact/reduce global revenue (e.g. toner manufacturing operations use water as raw material and thus, in the event of a future water restriction, have the potential for operations to be impacted resulting in potential additional costs associated with switching toner production to an alternative site. )</p> <p>3. Opportunities for new products/services, e.g. Xerox® DocuShare® Private Cloud Service to ensure the safety and availability of our customer's data at any time including if customers have been impacted by adverse weather or other disruptive events.</p>
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## W7.2

**(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?**

### Row 1

**Water-related CAPEX (+/- % change)**

0

**Anticipated forward trend for CAPEX (+/- % change)**

100

**Water-related OPEX (+/- % change)**

207

**Anticipated forward trend for OPEX (+/- % change)**

155

**Please explain**

CAPEX: No water related capital spending (CAPEX) occurred in 2018 nor in 2019, so percent change was 0% (unchanged.) However, \$223k was allocated for spending in 2020 to upgrade compromised sanitary sewer piping at Webster, NY facility. Mathematically, this is an infinite increase. However, we have noted it as 100% increase to indicate CAPEX funding was allocated in 2020.

OPEX: In 2018, \$18,353 was spent to scope sanitary sewer piping at Webster, NY facility to identify sources of water infiltration, followed by another \$38,000 in 2019 to identify additional sources. This is an increase of  $(38k - 18.3k) / 18.3k = 207\%$ . In 2020 we anticipate spending \$97,000 for sewer maintenance. This is an increase of  $(97k - 38k) / 97k = 155\%$ .

## W7.3

**(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?**

	Use of climate-related scenario analysis	Comment
Row 1	No, but we anticipate doing so within the next two years	In 2019 the CSR Council commissioned the Xerox EHSS team to facilitate completion of a Climate Scenario Analysis to identify and prioritize climate-related risk for Xerox manufacturing facilities and key supplier, including water-related risks such as drought, water depletion, and flooding. This analysis is a qualitative, forward-looking climate scenario analysis using two scenarios (2°C and 4°C) and time frames extending out to 2050. The analysis was completed in August 2020 and covers 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 findings from this qualitative analysis will serve as input to existing materiality, ERM and CSR Council processes.

## W7.4

**(W7.4) Does your company use an internal price on water?**

Row 1

**Does your company use an internal price on water?**

No, and we do not anticipate doing so within the next two years

**Please explain**

## W8. Targets

### W8.1

**(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.**

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals	Targets are monitored at	The Xerox Environment, Health, Safety, and Sustainability (EHS&S) organization ensures company-wide adherence to Xerox's environment, health, safety, and sustainability policy.

	Site/facility specific targets and/or goals	the corporate level	<p>The governance model we use to accomplish this includes clearly defined goals, a single set of worldwide standards, and a programme of surveillance audit that ensures conformance to these requirements. Audits include an on-site visit aimed at evaluating the site for basic life safety including potable water for human consumption and hygiene and environmental aspects including sanitary water discharges.</p> <p>All manufacturing and distribution facilities also implement an environmental management system that conforms with ISO14001. This establishes a framework to ensure compliance with regulations and Xerox standards, identify environmental impact, and set individual site objective and performance targets e.g. site level water reduction targets and actions dependent on the local situation. Quarterly status meetings and integration with a facility scorecard promote visibility, best practice sharing and innovation.</p>
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## W8.1a

**(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.**

**Target reference number**

Target 1

**Category of target**

Water withdrawals

**Level**

Company-wide

**Primary motivation**

Water stewardship

**Description of target**

In 2014, Xerox set a corporate target to reduce absolute water withdrawals by 35% by 2020 against a 2010 baseline. This target includes only water used in the Technology operations and facilities, which account for >90% of all corporate water use. All water withdrawn by Xerox Technology operations is sourced from local municipal suppliers. Withdrawal of groundwater from Webster, NY's remediation operations (whereby groundwater is cleaned, treated, and discharged to local surface waters) is excluded from the target. Xerox is on plan to achieve (and, in fact, exceed) this target.

**Quantitative metric**

Absolute reduction in total water withdrawals

**Baseline year**

2010

**Start year**

2014

**Target year**

2020

**% of target achieved**

100

**Please explain**

The target - a 35% reduction from 2010 water withdrawals - equates to an expected reduction of 711 megaliters per year. By December 2019, Xerox has achieved a reduction of 922 megaliters per year, or  $922/711 = 130\%$  (an overachievement of the target by 30%.)

## W9. Verification

### W9.1

**(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?**

No, we do not currently verify any other water information reported in our CDP disclosure

## W10. Sign off

### W-FI

**(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

This is the first CDP Water Disclosure that Xerox Corporation has made since the 2017 Disclosure comprised of data from Jan 1- Dec 31, 2016. The CDP Water Disclosure was not requested in intervening years by investors nor by any customers, and as water is a low materiality issue to Xerox was not deemed to be a critical activity in the intervening years.

Xerox has elected to submit an unscored CDP Water Disclosure in 2020 in response to investor and customer request. The scope of data reported in this year's disclosure is the same as in prior years (i.e. limited to Xerox Technology manufacturing and research facilities, which comprise over 90% of water use for Xerox Corporation.) It omits supporting service facilities both due to the relatively low impact (<10% of corporate water use) as well as the difficulty in obtaining reliable data (or any data at all) from the hundreds of leased facilities that house

sales, marketing, administrative/back office and logistics operations. However, as a part of preparing for CDP Water disclosure and updating assessment of water-related risks, the scope of internal assessment of facilities located in water-stressed regions was expanded to include large offices (defined as offices with greater than 100 employees) and key suppliers. While quantitative data was not available for all of these large offices, estimates of water use were made based on US Energy Information Administration (EIA) standard estimates of water use per employee in large offices. Results obtained from this analysis will inform Xerox water risk assessment and strategy going forward.

## W10.1

**(W10.1) Provide details for the person that has signed off (approved) your CDP water response.**

	Job title	Corresponding job category
Row 1	Chief Sustainability Officer; VP, Global Government Affairs, Sustainability, Compliance & Citizenship	Chief Sustainability Officer (CSO)

## W10.2

**(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate’s Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].**

No