2019 Corporate Social Responsibility Report

xerox™

Table of Contents

Letter from the CEO

How does Xerox define sustainability and what role does Xerox play in creating a more sustainable world? Our annual Corporate Social Responsibility Report feels like the right place to definitively answer these questions. We define sustainability as meeting today's needs without compromising the future's. This applies to all facets of our business—from engineering environmentally responsible products to creating equal opportunities for our employees and for those in our communities.

For the past 113 years, Xerox has been committed to creating value for business and society. We've played an important role in progressing our society globally—from taking a stance during the U.S. race riots of the 1960s to enabling freedom of information and pioneering the "circular economy" long before such a term existed. There are few companies that can point to numerous instances where their values and acts have had such significant impacts on society.

Today we continue to improve society globally in ways big and small. A great example of this is the work we did recently with the Bangladeshi government to digitize and process their National Household Census results from January 2017 to February 2019, so they can better deliver resources to populations in need.

We also help make the world greener in unexpected ways. Xerox's Intelligent Workplace Services enables companies to reduce their reliance on paper and incentivizes clients to reforest the planet when they do use it. As part of our PrintReleaf partnership, our clients can offset the impact of their paper by planting trees in geographic areas of need such as the Amazon and Madagascar. In little more than one year, we've helped offset the impact of 1 billion printed pages and have reforested some of the world's most precious ecosystems with more than 100,000 trees.

Our commitment extends far beyond developing sustainable products, software and services. It's also about how we operate around the world.

At Xerox, we believe in continuously improving, and we apply this mentality to ensuring we are always finding ways to improve the sustainability of our operations.

That's why we established a new corporate-wide, science-based energy goal to reduce our global energy consumption and greenhouse gas emissions by 25% by 2025.

As a U.S. Department of Energy Better Plants® Challenge partner, we also pledged to improve our energy performance by 25% over a 10-year period across all our U.S. manufacturing operations.

We are proud of the progress we've made and are 100% committed to raising the bar on our ourselves in the important quest of building and maintaining a healthy and balanced world that meets society's evolving needs.

Regards,

John Visentin
Vice Chairman and Chief Executive Officer
Xerox Holdings Corporation

2019 Progress Summary

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

View our Corporate Social Responsibility Progress Summary.

Environment

Innovation for Sustainable Products and Services

From being the first to introduce power-down features to being the first OEM to introduce a global PrintReleaf program, we push the boundaries of what's possible.

The industry has taken note. Xerox recently earned spots on Forbes' JUST 100, Barron's 100 Most Sustainable Companies, and Mediacorp Canada's Greenest Employers lists.

Since the 1990s, Xerox has been focused on "Design for Sustainability" because we recognize that our products have environmental, social, and economic effects throughout their life cycle. Design for Sustainability consists of criteria for each phase of the corporation's product design and delivery process. Design teams are required to respond to each criterion before being permitted to pass to the next phase of the process. We developed the criteria based on global standards, market trends, and quantitative analysis.

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

Design for Sustainability has become a way of business for Xerox and extends far beyond adhering to processes. Here are a few ways we are engineering solutions that are making a more sustainable world:

DRIVING A PAPERLESS ENVIRONMENT WITH INTELLIGENT WORKPLACE SERVICES

A Fortune 100 company tapped Xerox to manage its worldwide print infrastructure to support its "paperless" initiative. With our Intelligent Workplace Services, a new offering that transcends Managed Print Services, we are pairing digital alternatives, print authentication, and analytics along with gamification techniques to help them change their company's print behaviors to ultimately reduce their reliance on paper as well as helping them reduce their impact on the environment.

REFORESTING SOME OF THE WORLD'S MOST TREASURED ECOSYSTEMS

For clients leveraging Intelligent Workplace Services, we provide them with an opportunity to opt in to our PrintReleaf partnership, which is akin to a carbon offset program. We leverage paper usage reporting that equates the number of trees needed to reforest that usage on an equivalent basis in geographic areas of need. Xerox helps clients select the managed forestry projects where their trees will be planted in addition to tracking and reporting on their direct reforestation impact.

Since launching this program in 2018, Xerox and our clients have reforested more than one hundred thousand trees across the world, from the Amazon to Madagascar, offsetting more than one billion pages. With one tree absorbing more than one ton of carbon dioxide in its lifetime, this program thus far will offset nearly two hundred million pounds of carbon dioxide.

100K+ trees planted through PrintReleaf

## MAKING BANGLADESH MORE SUSTAINABLE WITH DIGITAL CITIZEN SERVICES

Xerox worked with the Bangladesh Bureau of Statistics to transform their Household Census Project. With our Digital Citizen Services, we enabled them to collect, digitize and process data from more than thirty-seven million filled Census Forms in three sub-projects of six months each. By digitizing this once paper-laden process, the government can now easily extract data points, trends, and analysis to target and improve the lives of their citizens.

PROTECTING PEOPLE WITH INDUSTRY-LEADING SECURITY

Security is a top priority for us, and we know it is for our clients' business too. That's why every Xerox® ConnectKey® Technology-enabled devices are armed with our holistic four- point approach to security, ensuring comprehensive, all- encompassing protection for all system components and points of vulnerability. A comprehensive set of capabilities and integrated technologies from security leaders, such as McAfee® and Cisco®, help prevent and detect malicious attacks, proliferation of malware, and misuse of unauthorized access to printers.

Partnering with industry leaders

We measure our performance against international standards with certifications, such as Common Criteria and FIPS 140-2, to ensure our devices are trusted in even the most secure environments. In 2018, Xerox was also the first to receive security authorization from the Federal Risk and Authorization Management Program (FedRAMP) for cloud-based MPS.

### Only MPS provider with authorization
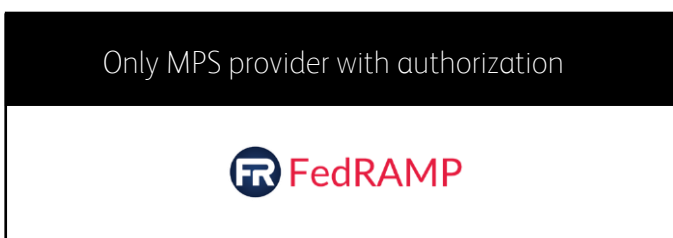
PIONEERING IoT SENSORS TO ADVANCE THE WORLD'S INFRASTRUCTURE

Sensors designed for the Internet of Things (IoT) have potential to transform the world, enabling real-time visibility and optimization of physical systems. PARC, Xerox's research and development company, is pioneering ways IoT sensors can help us build a better working world. These sensors can allow companies to monitor assets and determine maintenance needs, reducing the need for costly physical site inspections. We are currently piloting this technology with companies such as Con Edison in Queens, New York, and with VicTrack, owner of the Victorian Government's rail transport land in Australia. With infrastructure deteriorating across significant regions of the world, PARC is looking at ways to scale this technology and use it on other critical assets.

100% OF NEW 2018 PRODUCTS EARNED ENERGY STAR STATUS

In 2018, 100 percent of all our new eligible product introductions achieved ENERGY STAR. This continued success in cutting the power consumption of our laser-based printing products has been achieved by adjustments in the fuser design, changes to the properties of the toner, and more efficient electronic controls and performance of the xerographic system.

100 percent of all our new eligible product introductions achieved ENERGY STAR.
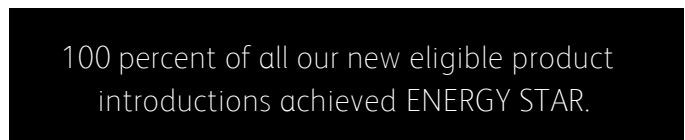
The ENERGY STAR program introduces progressively more stringent requirements over time. Xerox and other industry members worked together in conjunction with the EPA to develop the latest set of criteria.

The most recent revision of the ENERGY STAR Imaging Equipment 3.0 criteria went into effect October 11, 2019. While the standard is challenging to meet, our goal remains to have 100 percent of our newly eligible products achieve this label. In addition, many existing products were reengineered to be more energy efficient, meeting 3.0 criteria. These energy requirements serve as the foundation for other eco-labels, such as EPEAT and Blue Angel, and show our ongoing commitment to reduce product energy consumption. Learn more about the ENERGY STAR program and view current Xerox eco-label registered products at www.energystar.gov.

FOCUSED ON ELIMINATING WASTE WITH PACKAGING AND DISTRIBUTION

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

MANAGING PRODUCTS THROUGH THE FULL LIFE CYCLE

Xerox integrates life cycle thinking into our product and service development activities as well as our innovation activities. Lifecycle Assessments (LCAs) are a means of technically evaluating the environmental and health impact of a product's materials, manufacturing, distribution, use, and end-of-life. We conduct full LCAs in accordance with the appropriate ISO standards to determine where in the product life cycle the largest environmental impacts arise and to compare products with a significant difference in technology. Full peer-reviewed LCAs have been performed on our AltaLink and VersaLink devices and many of our other laser technology devices (WorkCentre 5325/30/35, WorkCentre C60/C70, and Phaser 6510). These LCAs directly contribute to our achieving the Electronic Products Environmental Assessment Tool (EPEAT) Gold certification for these configurations. We encourage our clients to learn more about how their printing behavior affects the overall carbon footprint of their organization from a life cycle perspective.

EPEAT: A FUNDAMENTAL PART OF OUR "DESIGN FOR SUSTAINABILITY" APPROACH

EPEAT is composed of criteria spanning corporate and product requirements (50+ requirements for imaging equipment). EPEAT registration is a rigorous process, entailing both a third-party desk review for initial certification and random product verification audits once certified.

EPEAT® product criteria combine comprehensive requirements for design, production, energy use, and recycling with ongoing independent verification of manufacturer claims. EPEAT criteria reflect several categories of environmental attributes that span the life cycle of electronic products: material selection, design for end-of-life, product longevity/life extension, energy conservation, end-of-life management, corporate performance, packaging, consumables, and indoor air quality. Xerox continues to support EPEAT initiatives, aids in the future success of the program, and supports the program's global expansion.

In 2018, we expanded our registration of products to Canada, the UK, France, Germany, Netherlands, Belgium, Luxembourg, Switzerland, Norway, Sweden, Finland, and Denmark, making Xerox the first imaging equipment manufacturer to register EPEAT products in Europe. Since 2014, Xerox has committed to launching all new eligible office products with EPEAT Silver or Gold certification. For example, all new VersaLink and AltaLink products are EPEAT Silver or Gold, as we continue to design our products with the environment in mind. Xerox is the only company to claim all eight EPEAT corporate optional criteria in the U.S. Learn more about the EPEAT program and view current Xerox eco-label registered products.

EHS&S POLICIES AND STANDARDS GOVERN PRODUCT DESIGN

Our product design is governed by global regulations and Xerox Corporate Environment, Health, Safety & Sustainability (EHS&S) Policy, which states that Xerox will:

- Comply with applicable environment, health, and safety laws; rules; regulations; and Xerox standards;

- Take appropriate measures to protect the environment and health and safety of our employees, clients, suppliers, and neighbors from unacceptable risk;

- Take appropriate measures to prevent workplace injuries and illnesses and provide employees with a safe and healthy work environment;

- Assess environment, health, and safety effects before starting a new activity or project;

- Comprehend environment, health, and safety effects in the design and acquisition of products and services;

- Eliminate unacceptable risks from facilities, products, services, and processes;

- Strive for continual improvement of its environmental management system and to conserve natural resources, eliminate the use of toxic and hazardous materials, prevent pollution, recover, reuse, and recycle;

- Address climate change by reducing the carbon footprint of our operations, products, and services; and

- Require suppliers to adhere to applicable environment, health, and safety laws; rules; regulations; and Xerox Standards.

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

Xerox has long incorporated environmental and safety considerations into product design. Internal processes ensure that product design teams are informed about regulatory and market-driven changes affected by product design. Our product development and delivery processes include environmental evaluations of materials and parts selected, products in use, and end-of-life. These processes ensure that product design teams can incorporate timely environmental metrics and product safety considerations into new products in development.

We solicit feedback from clients and other stakeholders and take a forward-looking view of global trends in technology, regulations, and eco-labels.

PUTTING HEALTH, SAFETY, AND COMPLIANCE FIRST

Client health and safety as well as compliance with global regulations are key considerations in Xerox innovation. Our Environment Health, Safety, and Sustainability team is engaged with our researchers and product development teams from the earliest product conception throughout the development process. See Putting Clients First—Safety of Products and Services for more details.

Pioneering a Circular Economy

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

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

WASTE AS A RESOURCE

The Xerox Green World Alliance (GWA) provides a collection and reuse/recycling program for spent consumables. The Xerox Product Takeback and Recycling Program efficiently manages equipment at end-of-life, thereby diverting material from landfills and reducing the demand for raw materials. Collected toner from spent cartridges is used for color additives as well as returned to Xerox for reprocessing.

DESIGN FOR THE FUTURE

This approach ensures that our products and packaging placed on the market today can ultimately be reused, fit end-of-life management processes, and meet client needs in the future. Our comprehensive Design for the Sustainability approach engages design teams in all phases to innovate for the circular economy. Our packaging design goes beyond regulatory requirements by prioritizing a "reduce, reuse, recycle" strategy.

ADAPTIVE BUSINESS MODEL

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

> Nearly 100 percent of leased Xerox equipment is returned for optimized end-of-life processing.

CONSUMABLES TAKEBACK AND RECYCLING

Our GWA initiative, as noted, is a collection and reuse/recycling program for clients for their used imaging supplies. GWA is central to our commitment to waste-free products. More than

thirty-five countries currently participate in the Xerox GWA. Worldwide, our clients returned more than 6.1 million cartridges, toner containers, and other used supply items in 2018, equating to four thousand metric tons, down roughly six hundred metric tons from 2017. The decrease is based on a decline in volume of client returns in the U.S. market. In 2018, Xerox received the Non-Product Award from the US EPA's Sustainable Materials Management Program for its Green World Alliance program's significant positive sustainability impact.

Returned products are sorted, and items suitable for remanufacturing are cleaned, inspected. and then remanufactured. Remanufactured consumables, containing an average of 90 percent reused/recycled parts, are built and tested to the same performance specifications as new products. Items that are not suitable for remanufacturing are recycled or recovered through energy from waste. Recycled waste toner and toner reclaimed from manufacturing that qualifies for reuse may account for 25 percent of the weight of new toner without compromising toner functionality. Reusing waste/reclaimed toner saves several million dollars in raw material costs each year. Of the toner that cannot be reclaimed 75 percent is recycled by our consumables recycling partner, while the remaining volume is utilized at energy from waste facilities to generate steam and electricity.

Total Waste Diverted from Landfills from Returned Cartridges, Bottles and Waste Toner
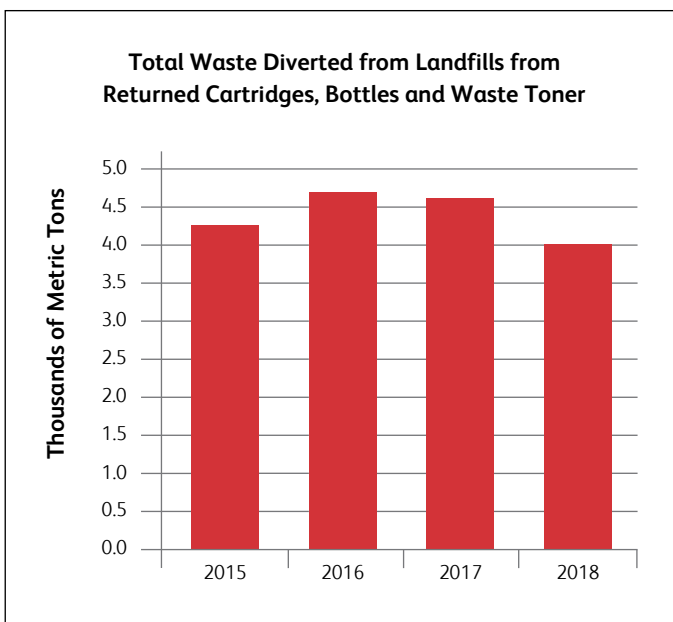
EQUIPMENT AND PARTS TAKEBACK AND RECYCLING

We have developed a comprehensive end-of-life product takeback system, which processes assets through remanufacture, refurbish, parts reuse, recycling, or broker sales, each of which fully supports our waste-free initiatives. Our reverse logistics center is certified to R2, demonstrating our commitment to responsible management of end-of-life equipment and consumables.

We design our machines with high durability and reuse capability to facilitate many product life cycles. During the active phase of a product, all returned equipment and spare parts are evaluated for reuse opportunities throughout the supply chain. All parts and equipment that are not destined for reuse have specific guidelines to facilitate easy and consistent recycling. Xerox enables equipment reuse according to the following principles:

- **Reuse of complete end item:** This approach requires the least reprocessing, transportation, and energy usage.

- **Remanufacturing or conversion into a newer-generation product or part:** Product families are designed with a high level of commonality to enable maximum reuse. This allows us to remanufacture to "as new" performance specifications while reusing 70 to 90 percent of the machine components by weight without degradation of quality or performance.

- **Used equipment:** Equipment returns are evaluated for potential reuse. Based on the condition and market demands, equipment may be put through an extended maintenance/ verification process to return it to a high standard and then be redeployed. Approximately 50 percent of machines returned in the U.S. are given new life by being sold as used or sent for remanufacturing of some sort.

- **Reuse of major modules, subcomponents, and parts for spares or manufacturing**: Many of our machines that have outlived their useful life are stripped of usable parts and components before the scrap/reclaim process. Used spare parts returned from the field are also included in this reuse stream. Xerox has continually been increasing the number of components that are reused in upstream and downstream processes after the original machine has been designated for recycling.

- **Material recycling:** After the processes noted above have been followed, any remaining portion of a machine is stripped of any recyclable material (e.g., plastics, copper wire) and material requiring special disposal services, such as printed wire boards, batteries, and lamps. The remainder of the machine is then sent to an industrial reclaim facility.

- **Post-consumer recycled plastic content:** All Xerox products contain from 0 percent to 5 percent post-consumer recycled plastic content.

Xerox participates in several European Union member state Waste Electrical and Electronic Equipment (WEEE) programs; equipment collected and recycled through these programs is not included in our recycling data. In geographies where Xerox exercises direct control over the end-of-life management of equipment, return rates are high. In 2018, 8,600 metric tons of equipment and parts-related waste were diverted from landfills to recycling at our U.S. Reverse Logistics Center. Globally, that volume rises to 9,400 metric tons.

Total Waste Diverted from Landfills from Returned Equipment and Parts
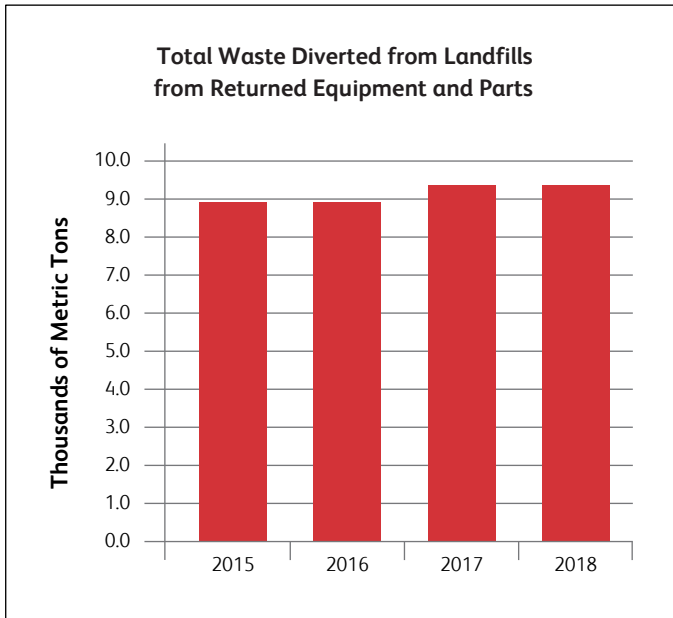
- **E-Waste:** While Xerox has long been committed to responsible end-of-life management of equipment, the proliferation of e-waste regulations has created a need for many separate programs in different countries and even states. We carefully manage suppliers that provide recycling and waste disposal services to ensure that our clients' returned equipment is protected from data breaches and improper disposal. Xerox does not allow its vendors to send electronic scrap to developing nations for processing. In addition, we strive to work only with electronic waste recyclers that have implemented voluntary programs certified by accredited organizations, including Sustainable Electronics Recycling International's (SERI) Responsible Recycling (R2) standard or the Basal Action Network's e-Stewards standard. This past year marks the third year in a row that Xerox has received the U.S. EPA Sustainable Materials Management GOLD Award for its responsible end-of-life processes.

Responsible Operations

Reducing our Company-wide Environmental Footprint

With goals to reduce environmental effects across our value chain, we invest in solutions that can conserve natural resources and lower the energy intensity of our operations.

A few examples include:

- Energy management and equipment upgrades, such as utilizing "free cooling" systems in place of mechanical cooling for chilled water systems and installing a new air compressor and compressed air system; and

- Efficiency-promoting initiatives, including optimizing operation of pumping and air handler systems.

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

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

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

- Establishes a framework to ensure compliance with regulations and Xerox standards;

- Identifies environmental effects considering a life cycle perspective and sets objectives and performance targets;

- Identifies, manages, and addresses risks and opportunities related to environmental aspects, compliance obligations, other issues or other needs, and expectations of interested parties;

- Strives for continual improvement by conserving natural resources, eliminating the use of toxic and hazardous materials, preventing pollution, and recovering, reusing, and recycling materials;

- Ensures integration between day-to-day business activities and environmental planning and program management; and

- Encourages innovative engineering solutions, creative partnerships, and employee involvement.

Our major manufacturing operations have been certified to ISO 14001 since 1997. Our major worldwide technology equipment distribution centers achieved certification in 2010. Quarterly status meetings and use of an environmental performance scorecard provide visibility, best practice sharing, and innovation across our operations.
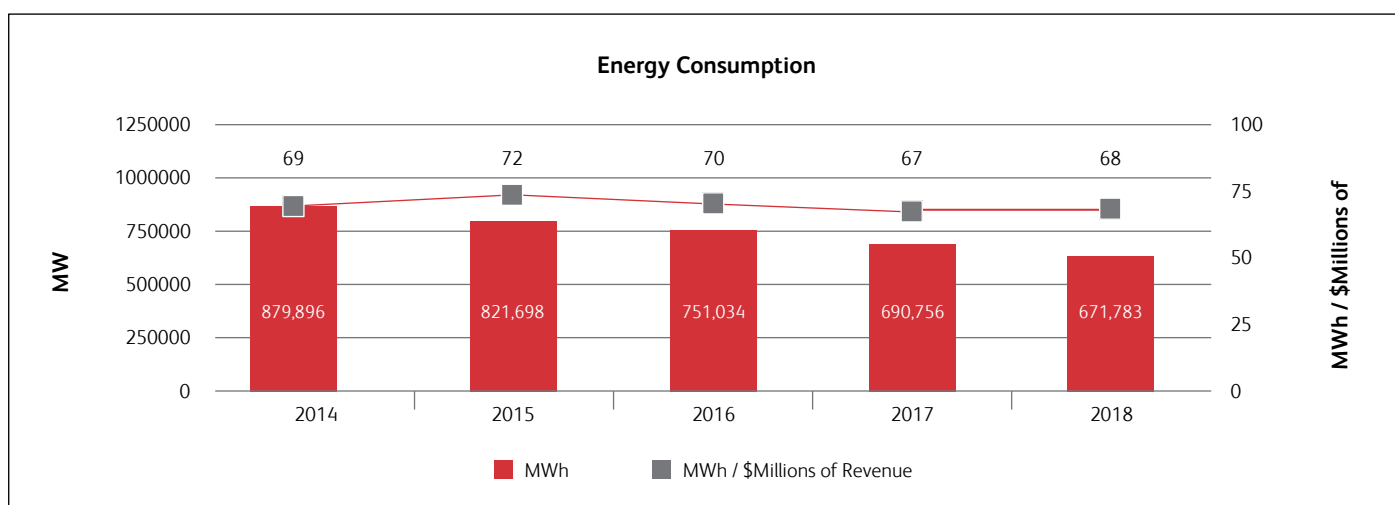
ENERGY GOAL 2025

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

This 10-year initiative set a goal to reduce GHG emissions across all company operations by 10 percent by 2012. We met this target six years ahead of schedule and set increasingly stringent targets as each previous target was met. By 2016, our cumulative GHG reduction totaled 302,000 tons of carbon dioxide equivalents (CO2e).

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

As a U.S. Department of Energy Better Plants® Challenge partner, we pledged to improve energy performance by 25 percent over a 10-year period across all our U.S. manufacturing operations in 2018.

Energy Consumption

Year	MWh	MWh / $Millions of Revenue
2014	879,896	69
2015	821,698	72
2016	751,034	70
2017	690,756	67
2018	671,783	68

Legend: ■ MWh ■ MWh / $Millions of Revenue

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

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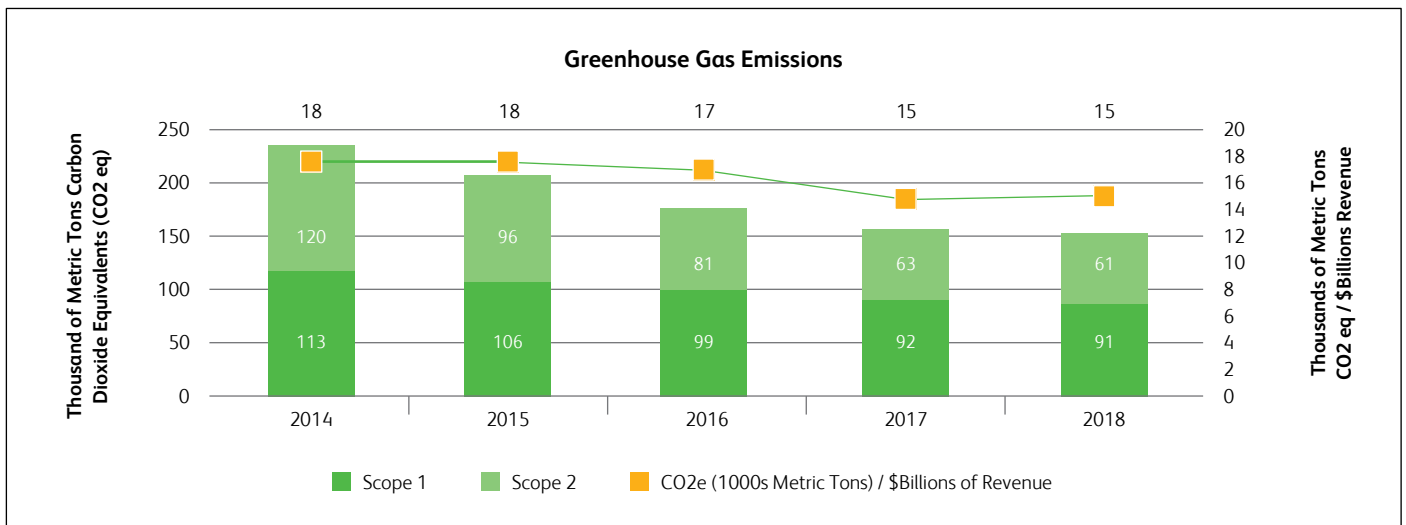
GREENHOUSE GAS INVENTORY

In accordance with the international guidelines of the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development, we track the six major GHGs: carbon dioxide (CO2), methane (CH), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF6). As noted, we express our carbon footprint in terms of carbon dioxide equivalents (CO2e).

Energy sources account for more than 99 percent of our GHG emissions. Our GHG inventory includes direct emissions from the combustion of fossil fuels, primarily natural gas (Scope 1), and indirect emissions from purchased electricity and steam at our manufacturing sites, offices, and warehouses (Scope 2). The inventory also includes the combustion of gasoline and diesel fuels in our service and sales vehicle fleet (Scope 3).

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

In 2018, Xerox GHG emissions totaled 151,877 metric tons of CO2e, which is a 15 percent reduction from a 2016 baseline. About 60 percent were direct emissions from the combustion of natural gas, gasoline, and diesel fuel. The remaining 40 percent of the GHG emissions total were indirect emissions from purchased electricity.

Greenhouse Gas Emissions

	2014	2015	2016	2017	2018
CO2e/$Billions Revenue	18	18	17	15	15
Scope 2	120	96	81	63	61
Scope 1	113	106	99	92	91

Legend: Scope 1 · Scope 2 · CO2e (1000s Metric Tons) / $Billions of Revenue

Left axis: Thousand of Metric Tons Carbon Dioxide Equivalents (CO2 eq)
Right axis: Thousands of Metric Tons CO2 eq / $Billions Revenue

and steam. Xerox-owned or leased facilities, such as manufacturing sites, offices, and warehouses, are associated with 58 percent of our direct GHG emissions. The remaining 42 percent are direct emissions from our service and sales vehicle fleet and other mobile sources.

SCOPE 3 EMISSIONS

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

THIRD-PARTY GHG VERIFICATION

Our 2018 Scope 1, Scope 2, and Scope 3 GHG emissions have been verified by a third-party verification/assurance company in accordance with ISO 14064-3:2006 against internally defined methodology described in our inventory management plan, and the principles of transparency, accuracy, consistency, completeness, and relevance.

CLIMATE CHANGE RISKS AND OPPORTUNITIES

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

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

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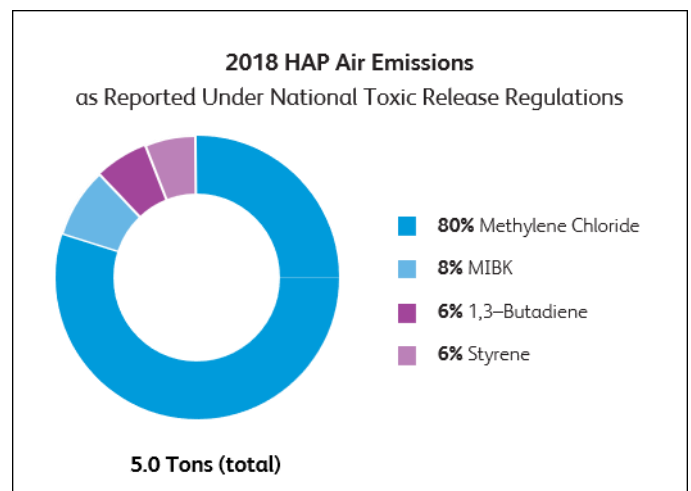
Preserving Clean Air and Water

Air Emissions

Xerox has significantly reduced manufacturing air emissions over the past twenty years. We continue to pursue efforts to do even more.

Most of our air emissions originate from production of imaging supplies, such as toner, photoreceptor drums and belts, and fuser rolls. Approximately thirteen metric tons of volatile organic compound (VOC) process air emissions (VOC and non-VOC) were released into the atmosphere from these activities in 2018. Emission reductions over time have come primarily from process modifications, lower production volumes of legacy products, and production declines attributable to longer-life components. VOC air emission decreases in 2018 are primarily due to the closure of the XNOR facility in Brazil, the relocation of products to Venray, Netherlands, and 2017 actions in Venray to increase VOC removal efficiency.
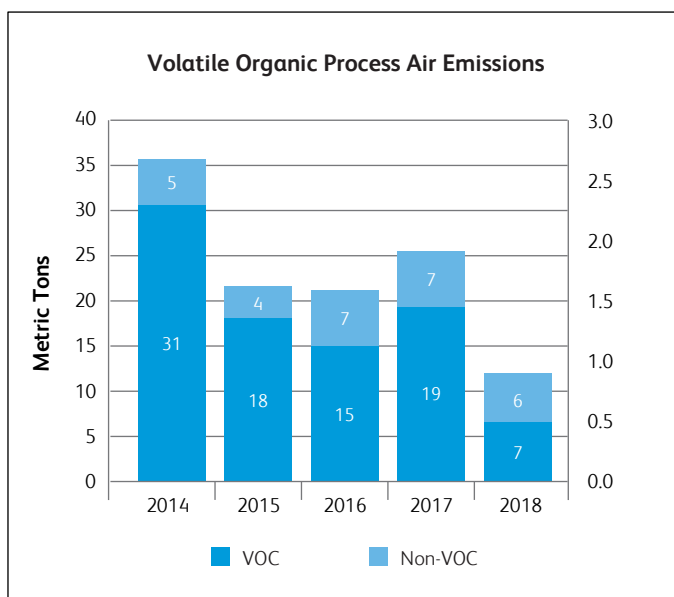
A subset of these VOC emissions is defined by the U.S. Environmental Protection Agency (EPA) as hazardous air pollutants (HAP). In 2018, Xerox reported worldwide air emissions of approximately 5.0 metric tons of HAP under national toxic chemical release regulations, including the U.S. Toxic Release Inventory (TRI) program. Methylene chloride, methyl isobutyl ketone (MIBK), 1,3-butadiene, and styrene represent virtually all these HAP emissions.

Volatile Organic Process Air Emissions

Year	VOC	Non-VOC
2014	31	5
2015	18	4
2016	15	7
2017	19	7
2018	7	6

(Metric Tons)

Legend: ■ VOC ■ Non-VOC

2018 HAP Air Emissions
as Reported Under National Toxic Release Regulations

- **80%** Methylene Chloride
- **8%** MIBK
- **6%** 1,3–Butadiene
- **6%** Styrene

5.0 Tons (total)

OZONE-DEPLETING SUBSTANCES

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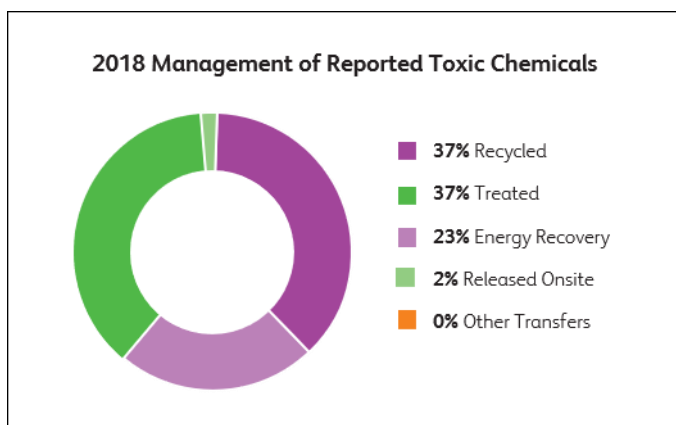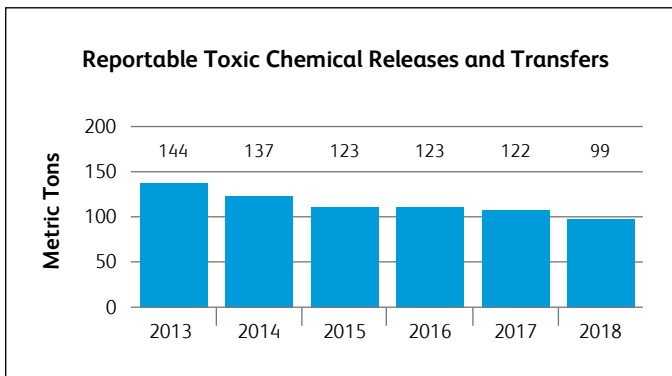
TOXIC CHEMICAL RELEASES

The release of materials used in our worldwide operations is evaluated annually and reported to government agencies under national toxic chemical release reporting regulations, such as the U.S. EPA's Toxic Release Inventory, the Canadian National Pollution Release Inventory, and the European Pollutant Release and Transfer Register.

Releases for reporting year 2018 decreased significantly compared with 2017 levels and were 79 percent lower than 2007 levels.

REPORTABLE TOXIC CHEMICAL RELEASES AND TRANSFERS

In 2018, less than 2 percent of the total toxic chemical releases from Xerox operations were emitted into the air. Approximately 60 percent of all chemical releases were recycled on-site or fueled energy recovery initiatives.

Reportable Toxic Chemical Releases and Transfers

Year	Metric Tons
2013	144
2014	137
2015	123
2016	123
2017	122
2018	99

2018 Management of Reported Toxic Chemicals

- **37%** Recycled
- **37%** Treated
- **23%** Energy Recovery
- **2%** Released Onsite
- **0%** Other Transfers

In 2011, operations with reportable toxic chemical releases to the air, land, or water—in amounts greater than one metric ton—established goals, targets, and objectives related to chemical releases. Progress against these goals as of year-end 2018 is summarized below.

Methylene chloride used in the manufacture of Xerox photoreceptor belts has been reduced by 72 percent from the 2010 baseline. This dramatic decrease was primarily due to volume declines of legacy products and process modifications that cut the amount of methylene chloride used for batch cleaning of production equipment. Methylene chloride usage decreased by 26 percent from 2017 to 2018.

In 2018, per-batch emissions of 1,3-butadiene from U.S. toner resin manufacturing operations increased from 7.03 pounds per batch in 2017 to 7.07 pounds per batch in 2018. Low-emission hose connectors installed in 2016 and incident-free material handling operations have continued to maintain a reduced emission rate as compared with historical values.

Xerox has committed to establishing new goals in 2020 to reduce the release or transfer of toxic chemicals from our manufacturing operations.

SPILLS AND ACCIDENTAL RELEASES

Our goal is to proactively prevent any accidental release of regulated materials to the air, soil, and water. In 2018, no spills or releases occurred at Xerox operations that presented a significant risk to human health or the environment or caused liabilities significant enough to be included in company financial reports. The few spills and releases that occurred across company operations were reported to local government agencies as required but were not considered significant.
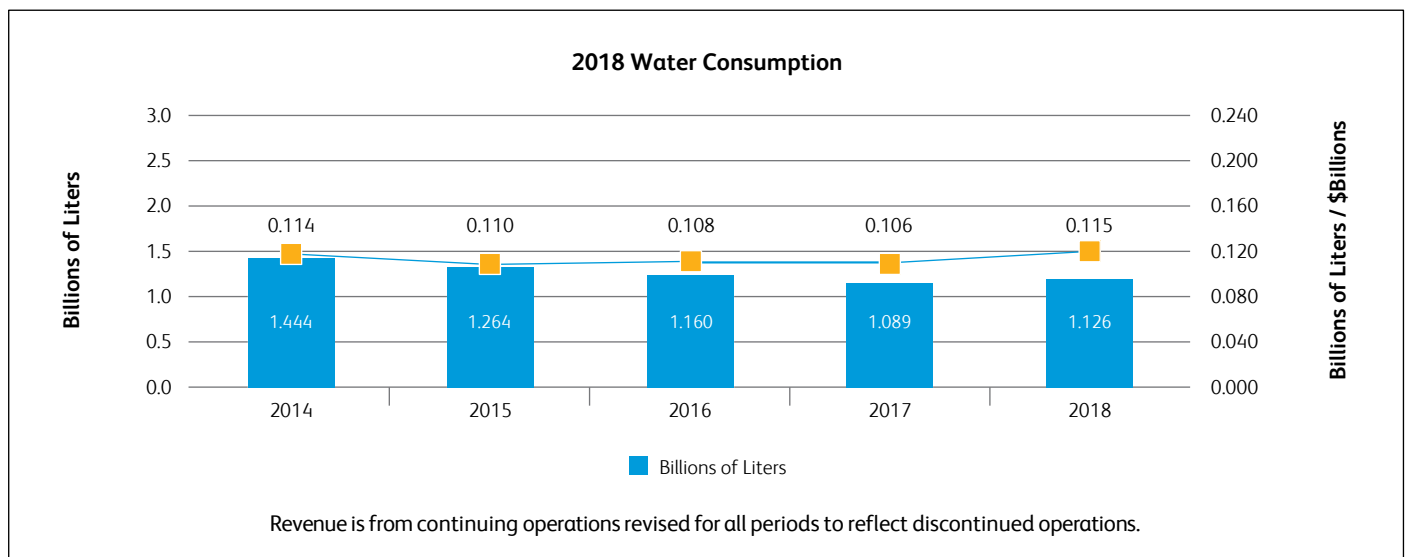
WATER CONSUMPTION AND TREATMENT

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

In 2018, our worldwide water consumption was approximately 1.13 billion liters, a 45 percent reduction from baseline year 2010, exceeding our 2020 goal of a 35 percent reduction. Reductions were achieved by a combination of conservation initiatives and production declines. We strive to preserve the planet by recycling water. A program initiated in 2016 at our plant in Wilsonville, Oregon, to utilize reverse osmosis reject water in on-site cooling towers continues in operation.

Wastewater discharges at manufacturing sites are monitored to validate compliance with local sanitary sewer discharge limits. Process wastewater is treated, as necessary, before being discharged into local sanitary sewers.

We utilize best practices to prevent unwanted pollutants from entering waterways through surface contamination and runoff. Extensive sampling of wastewater discharged to both sanitary and storm sewers ensures that discharged water meets our strict requirements. Although Xerox has not established a reduction goal for wastewater discharges, discharge volumes roughly correlate with consumption and are down more than 40 percent from a 2010 baseline. These results are attributed to water conservation initiatives, adjustments to metered discharge estimates, and production trends.

2018 Water Consumption

	2014	2015	2016	2017	2018
Billions of Liters / $Billions	0.114	0.110	0.108	0.106	0.115
Billions of Liters	1.444	1.264	1.160	1.089	1.126

Billions of Liters

Revenue is from continuing operations revised for all periods to reflect discontinued operations.
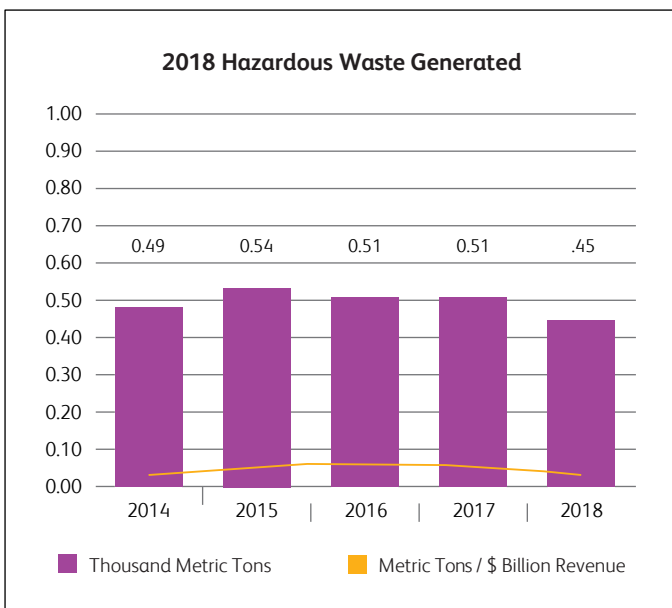
Preventing and Managing Waste

Hazardous Waste

Xerox has a mature program for reducing the amount of hazardous waste generated throughout the company. Historically, our manufacturing operations that generate significant quantities of hazardous waste have goals and objectives to eliminate and/or reduce the amount of hazardous waste generated.

Since 1999, Xerox has reduced the quantity of hazardous waste generated by almost 90 percent. These hazardous waste reduction activities have included manufacturing technology changes and reuse/recycling initiatives. Xerox strives to manage these waste streams in a beneficial manner. Approximately 65 percent of the hazardous waste generated in 2018 was managed at fuels blending and solvent recycling facilities. Only 1.49 tons of hazardous waste was landfilled; all other hazardous waste generated during the year was treated and/or incinerated. Xerox does not export hazardous waste to developing nations.

2018 Hazardous Waste Generated

Year	Value
2014	0.49
2015	0.54
2016	0.51
2017	0.51
2018	.45

- ■ Thousand Metric Tons
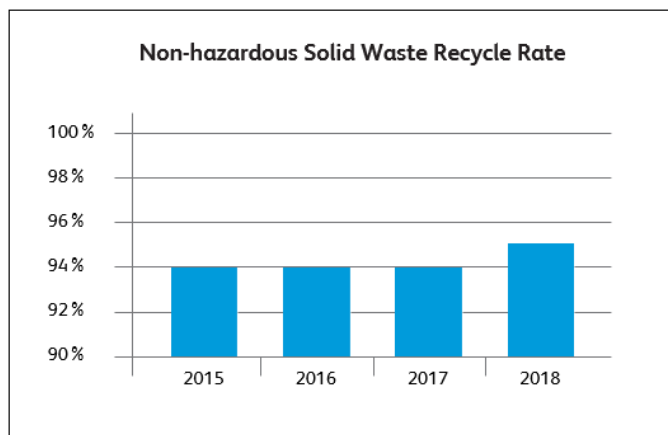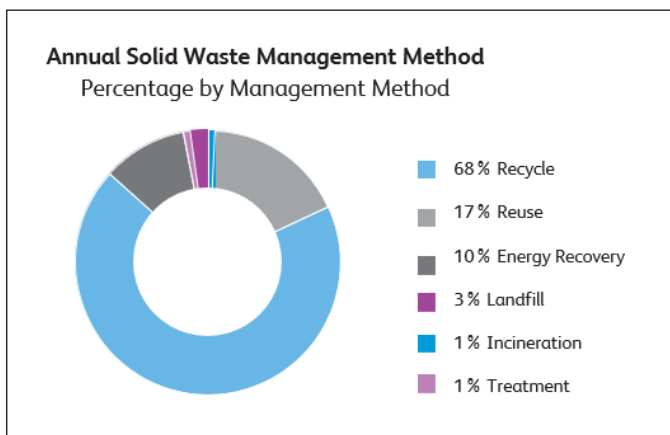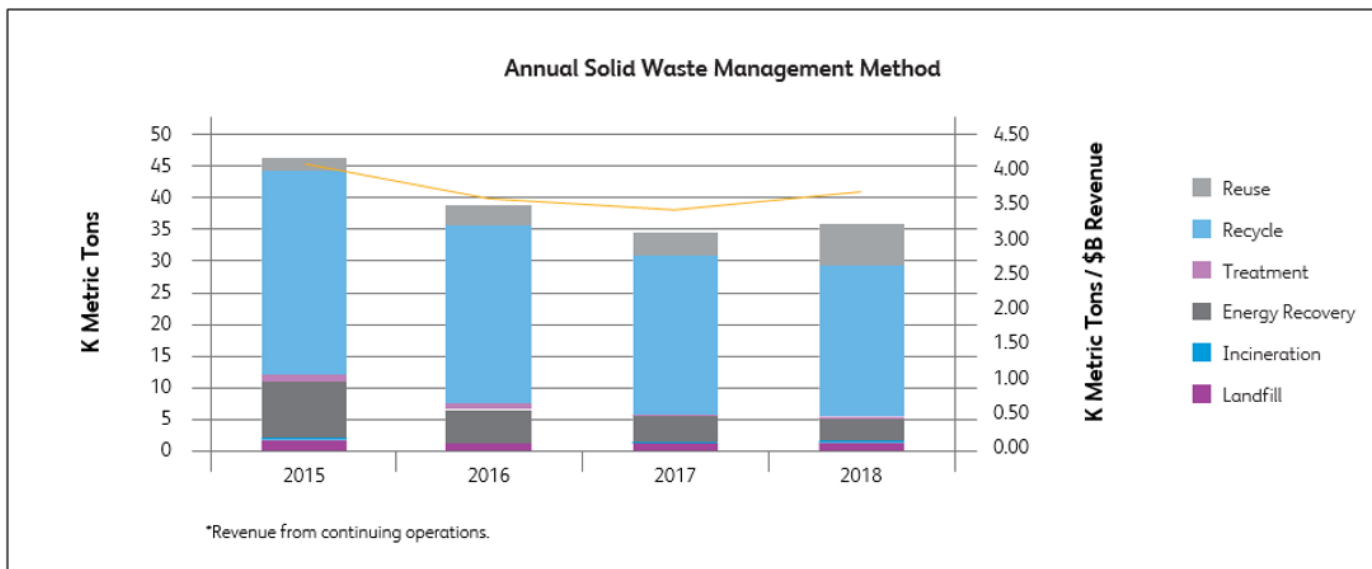- ■ Metric Tons / $ Billion Revenue

NONHAZARDOUS SOLID WASTE

Xerox has had waste reduction efforts in place for many years. We reuse boxes, pallets, and containers for parts delivery. We capture and reprocess toner that is outside the acceptable size range during manufacturing, recycle returned equipment, and reuse totes for recycling scrap metal and paper. Globally, operations generated thirty-six thousand metric tons of nonhazardous solid waste in 2018, a slight increase from thirty-five thousand metric tons in 2017.

Process waste consists primarily of paper, wood, pallets, waste toner, plastics, and packaging waste, such as corrugated cardboard. Equipment manufacturing waste includes scrap metal, waste batteries and lamps, miscellaneous trash, and unusable, end-of-life equipment and parts that our clients return to Xerox for processing and remanufacturing. This waste made up about 68 percent of the nonhazardous solid waste managed by Xerox operations in 2018. Xerox is able to reuse or recycle nearly 100 percent of the equipment and parts generated from our client and field service returns.

Our goal is to reuse, recycle, or recover energy from 100 percent of waste generated at facilities globally by 2020. In 2018, 95 percent of nonhazardous solid waste generated was reused in equipment repairs or remanufacturing, recycled, or used to produce energy, up from 94 percent in 2017. In 2018, our equipment resellers were able to return a greater number of products to the marketplace for resale.

Annual Solid Waste Management Method

*Revenue from continuing operations.

Annual Solid Waste Management Method
Percentage by Management Method

68 % Recycle
17 % Reuse
10 % Energy Recovery
3 % Landfill
1 % Incineration
1 % Treatment

Non-hazardous Solid Waste Recycle Rate

ENVIRONMENTAL REMEDIATION AND COMPLIANCE

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

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

Besides employing conventional techniques for groundwater recovery and treatment and soil excavation, we have a history of developing innovative technologies to enhance our remedial efforts. These include techniques that improve and accelerate the recovery of contaminants, such as high-vacuum 2-Phase Extraction and enhanced bedrock fracturing.

We also employ technologies where contaminants are degraded or converted to less harmful substances through enhanced natural biodegradation and chemical oxidation processes.

COMPLIANCE REPORTING

We require our various operations and subsidiaries worldwide to report any written or verbal notices of environmental fines, citations, or formal violations. In 2018, Xerox UK Holdings Limited was issued a regulatory citation due to late filing of a report. Corrective actions were implemented and subsequent reports for Xerox UK Holdings Limited have been provided prior to the regulatory deadline.

Governance

Leadership

The Xerox Board of Directors represents the interests of all shareholders in the operation of a successful business, including continuation of our corporate legacy of Corporate Social Responsibility (CSR). The Board is responsible for ensuring that our company is managed to ensure this result, which will ensure the company's vitality for its clients, employees, and other individuals and organizations that depend on it. The Board has the duty to ensure that in good times as well as difficult times management is capably executing its responsibilities.

Xerox's corporate governance guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision-making both at the Board and management level, "with a view to enhancing long-term shareholder value."

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

INDEPENDENCE OF THE BOARD

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

BOARD MEMBERSHIP CRITERIA

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

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

Xerox aims to be a role model in ethical behavior and business practices, nurturing a culture of integrity, openness, and inclusion. The Company's Board of Directors is 86 percent independent. The Xerox corporate governance guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision-making both at the Board and management levels, with a view to enhancing long-term shareholder value.

Bylaws, committee charters, and other governance resources are available on Xerox.com.

RISK MANAGEMENT

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

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

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

These committees include:

- Management Committee

- Enterprise Risk Management Steering Committee

- Business Ethics and Compliance Governance Board

- IT Risk Governance Board

- Credit Committee

- Currency Strategy Committee

- Reputation Management Committee

- Management Audit Committees

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

CORPORATE GOVERNANCE COMMITTEE AND COUNCIL

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

The CSR Council, comprising senior executives who manage a specific CSR topic area, has centralized oversight of the corporation's management approach, including policies, goals, strategies, and actions to drive progress. Each CSR Council Member is supported by individuals who have expertise and experience in the various CSR topic areas. An individual from the Executive Committee of the CEO chairs the Council to provide direction and guidance.

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

Xerox Policies and Standards

Assuming a lead role in sustainability requires a focused approach to drive the greatest value to our stakeholders and company. We use a materiality assessment to prioritize our activities. Corporate policies and procedures pertaining to CSR are summarized in our Code of Business Conduct available at Xerox.com.

Standards are the means to implement our policies and guide employees and suppliers in complying with corporate policies. These worldwide principles, such as those for environment, health, and safety, apply across Xerox and establish specific requirements for products, services, and operations.

TRACKING OF EXTERNAL DEVELOPMENTS

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

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

SUPPLY CHAIN MANAGEMENT

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

Engaging with Stakeholders

Our stakeholders include clients, employees, public policymakers, investors, nongovernmental organizations (NGOs), and suppliers. Xerox business units and operations across Xerox gather input from stakeholders on CSR as it pertains to our products, operations, and how we may positively affect the world. The engagement may take the form of partnerships, sponsorships, collaboration on industry initiatives, client reviews, supplier audits, and conference participation. The collective knowledge of individual Xerox organizations is compiled at the level of the Xerox Corporate Social Responsibility Council.

Stakeholder engagement provides essential input to our materiality assessment. With this input, we prioritize issues, emerging risks, and understand opportunities. We believe the prioritization of stakeholder concerns enables Xerox to develop a materiality matrix that is robust, inclusive, and satisfies stakeholders. In 2019, Business for Social Responsibility (BSR) validated our materiality matrix by soliciting input from a sampling of stakeholders.

Examples of our stakeholder engagement for our highest CSR priorities include:

- **Circular economy:** As a founding member of the Sustainable Electronics Recycling International (SERI), we collaborate to drive progress for global reuse, recycle, and reuse of materials and parts of end-of-life electronics in an energy-efficient manner and with socially sound practices. See Circular economy.

- **Energy and GHG emissions:** We have joined We Mean Business, a global nonprofit coalition working with the world's most influential businesses, to take action on climate change. As a member, Xerox committed to establishing science-based Greenhouse Gas emission reduction targets.

- **Client Satisfaction:** More than 1000 business reviews are held monthly with clients across the globe to strengthen collaborative working relationships that support clients in achieving their objectives financially, operationally, and environmentally through innovative value add process and technology solutions. Client councils are hosted throughout the year to directly solicit Voice of the Client input and feedback on current experience and future strategies.

- **Employee engagement:** Xerox people are a critical link to our contributions to society. The Xerox Community Involvement Program (XCIP) was established in 1974 to provide employees a means to give back to their community with funding support from Xerox. For more than three decades, thousands of Xerox employees annually have rolled up their sleeves and participated in projects that make their hometown a better place. In 2019, Xerox launched its Global Volunteer Policy and an on-line tool to manage, compile, and communicate volunteer opportunities to Xerox employees. Volunteering at Xerox takes on many forms and becomes a powerful resource for good when combined with global nonprofit organizations fighting for social justice in all corners around the world. See Philanthropy.

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- **Diversity and inclusion:** Our CEO signed The Business Roundtable Statement on the Purpose of a Corporation and the CEO Action for Diversity & Inclusion™. Both aim to rally the business community to advance diversity and inclusion within the workplace by working collectively across organizations and sectors.

- **Data Security:** Xerox works with compliance testing organizations and security industry leaders, such as McAfee and Cisco, to wrap their overarching standards and expertise around ours. Xerox achieved top levels of compliance. Certification bodies, such as Common Criteria (ISO/ IEC 15408) and FIPS 140-2, measure our performance against international standards. In 2018, Xerox achieved an Authority to Operate (P-ATO) from the U.S. government's Fed RAMP Joint Authorization Board. Xerox is the only company in the document technology space to earn this crucial designation. See Data Security.

- **Product energy efficiency:** We share our leading practices across the industry, including by contributing to standards

development that affect product sustainability, such as EnergyStar and EPEAT. In 2018, we expanded our EPEAT registration of products to Canada, the UK, France, Germany, Netherlands, Belgium, Luxembourg, Switzerland, Norway, Sweden, Finland, and Denmark, making Xerox the first imaging equipment manufacturer to register EPEAT products in Europe. See Innovation for Sustainable Products and Services

- **Supply chain responsibility:** As a member of Responsible Business Alliance (RBA), we join other companies to drive improvements in global supply chains. See Supplier Relations.

AFFILIATIONS

Every day Xerox strives to be a technology leader and a revered global citizen. To advance and support those goals, Xerox partners with public and private organizations. We rely on our work with these organizations to keep us aware and ahead of global trends and drive best practices within our organization. To advance our CSR goals, Xerox partners with the following private and public organizations:

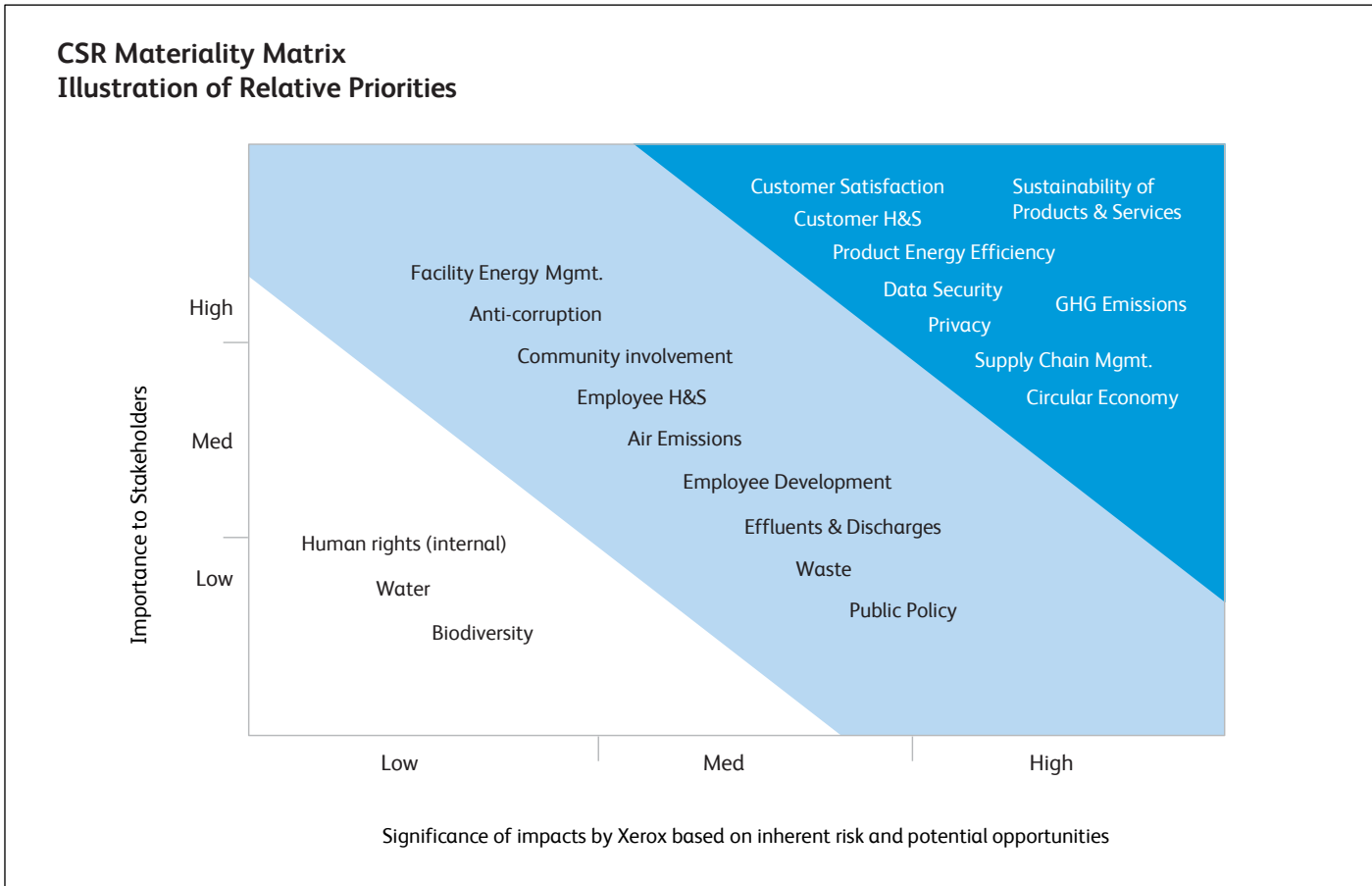| Topic	Organization
Currency Security	Central Bank Counterfeit Deterrence Group
Data Privacy	Canadian Personal Information Protection and Electronic Documents Act
Diversity	A Better Chance Minority Corporate Counsel Association Human Rights Campaign National Minority Supplier Development Council (NMSDC) United Nations Human Rights Council U.S. CEO Action for Diversity & Inclusion Women's Business Enterprise National Council
Economic	Imaging Consumables Coalition of Europe Imaging Supplies Coalition Business Council of Canada Foro de colaboracio Publico Privada (Spain) New York Economic Development Councils, Webster (NY) Chamber of Commerce Norwalk (CT) Chamber of Commerce
Education	For Inspiration & Recognition of Science & Technology (FIRST)
Employee Benefits	American Benefits Council Employee Retirement Income Security Act (ERISA) Industry Committee Corporate Health Care Coalition

Topic	Organization
Environmental Management	ISO 14001 ISO 50001 Responsible Recyclers (R2) Certification for Electronics Recyclers
Export/Import	Transported Asset Protection Association (TAPA) Policy Tier 3 Member of U.S. Customs and Border Protection Customs Trade Partnership Against Terrorism (C-TPAT); participant in E.U. Authorized Economic Operator (AEO) program
Government/Voluntary	U.S. EPA SmartWay Transport Partnership U.S. EPA WasteWise U.S. Department of Energy Better Plants Program Conflict Free Sourcing Initiative (CFSI)
Policy and Advocacy	Business Roundtable Business Council of Canada Information Technology Industry Council (ITI) The Conference Board (U.S. and Canada) Digital Europe The Computing Technology Industry Association (CompTIA) National Association of Manufacturers U.S. Chamber of Commerce
Procurement	Responsible Minerals Initiative (RMI)
Quality	ISO 9001 American National Standards Institute
Safety Management	ISO 45001
Science and Technology	Cornell Tech Rochester Institute of Technology Clarkson University NY Alfred University NY State University of New York at Stoney Brook, New Paltz, and Binghamton Cornell University Ohio State University University of Illinois Urbana University of California at Berkley Penn State University
Social Responsibility	Business for Social Responsibility (BSR) Eco-Patent Commons Responsible Business Alliance Sustainable Electronics Recycling International (SERI)

We annually assess CSR topics that are of importance to our stakeholders and those where we can have the greatest economic, social, and environmental effect at local, regional, or global levels. We follow the protocol specified in the Standards of the Global Reporting Initiative (GRI). We examine changing external factors, including regulations and standards, social challenges people face around the world, our evolving business model, and the environmental impact of our products, services, processes, and operations. Our assessment includes interviews and workshops with internal stakeholders and Xerox leaders, discussions with external stakeholders, and feedback from our employees. Our conclusions:

- Managing operations responsibly across our value chain—from decreasing environmental impact and protecting client privacy to promoting diversity and ensuring ethical behavior—remains a priority.

- Product, service, and operations-related opportunities, such as improving energy efficiency and expanding access to technology, represent the leading areas where we can create value for society and for our business. Enhancing health, safety, and labor conditions in our global value chain is among the most important ways we can drive sustainable development.

The following schematic illustrates the results of our materiality assessment.

CSR Materiality Matrix
Illustration of Relative Priorities

Importance to Stakeholders

High

Facility Energy Mgmt.
Anti-corruption
Community involvement
Employee H&S
Air Emissions

Customer Satisfaction   Sustainability of Products & Services
Customer H&S
Product Energy Efficiency
Data Security   GHG Emissions
Privacy
Supply Chain Mgmt.
Circular Economy

Med

Employee Development
Effluents & Discharges

Low

Human rights (internal)
Water
Biodiversity

Waste
Public Policy

Low   Med   High

Significance of impacts by Xerox based on inherent risk and potential opportunities

Doing Good Business

Ethics, Integrity and Human Rights

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

Our Code of Business Conduct supports the principles of the United Nations Universal Declaration of Human Rights. A corporate-wide global policy letter serves as the foundation of our position on human rights. We make sure those standards are followed in our labor relations and employment practices, relationships with suppliers, risk management, internal audit systems and our approach to building business in emerging markets. Each year, Xerox employees are required to take refresher training and acknowledge their conformance with the Xerox Code of Conduct.

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

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

BUSINESS ETHICS AND COMPLIANCE PROGRAM

Office of Compliance

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

corporate security, legal, human resources, government affairs and ethics to ensure sustainable corporate compliance.

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

Since the Office of Compliance was created in 2017, it has focused on reviewing all corporate policies, performing high-level assessment of corporate compliance processes, and mapping key corporate compliance risks to available corporate training.

CORPORATE POLICY REVIEW

In April 2018, the Office of Compliance reviewed more than three hundred corporate policies. The Office of Compliance will present trend analysis and recommendations to senior management and collaborate with policy subject matter experts to implement recommendations.

CORPORATE COMPLIANCE ASSESSMENT

In May 2018, the Office of Compliance, in collaboration with the Office of Business Ethics and Internal Audit, completed an initial high-level assessment of corporate compliance processes. The assessment document is based on a format used by the Institute of Internal Audits and uses seventy criteria provided in the U.S. Department of Justice guidelines and U.S. Federal Acquisition Regulations. Compliance Assessment is intended to:

- Assess the design and operation of Xerox's corporate compliance programs, considering governmental expectations, existing/changing legal requirements, and leading practices;

- Provide observations, risks, and recommendations, including:

  - Identifying existing elements and gaps in the compliance infrastructure;

  - Identifying and prioritizing opportunities to enhance Xerox's compliance program;

  - Establishing a baseline for compliance monitoring and continuous improvement; and

- Ensure sustainable corporate compliance processes by implementing corrective actions that meet statutory requirements and balance ideal performance factors and resources.

We assessed several topics, including General Corporate Compliance, Sexual Harassment, Data Protection, Foreign Corrupt Practice, Third Party Risk Management, and Fraud. Based on the assessment, areas of improvement were identified, and action items were prepared to present to senior management. Next steps included:

- Prioritizing compliance processes and working with subject matter experts to complete an assessment of prioritized compliance processes;

- Identifying compliance leaders/managers in business units; and;

- Developing compliance training and awareness.

BUSINESS ETHICS OFFICE

Each Xerox employee and those working on behalf of Xerox have an important role to play not only in helping Xerox succeed but also in how we achieve that success. Doing business in accordance with the highest ethical standards and in accordance with the Xerox Code of Business Conduct, Company policies, and applicable laws and regulations is at the heart of who Xerox is as a Company.

Since the Company's inception, Xerox has recognized that the best possible results to our clients, shareholders, and communities can only be delivered when conducting ourselves ethically and with integrity. It's a part of who we are and how we do things.

Xerox has established the Xerox Business Ethics Office to oversee Xerox's efforts to reinforce and enhance Xerox's culture of ethics and compliance on behalf of operating unit management, corporate management, and the Audit Committee of the Board of Directors. Xerox's Chief Ethics Officer reports to the Executive Vice President and General Counsel with a dotted-line reporting relationship to the Audit Committee.

The Xerox Business Ethics Office maintains metrics to help detect misconduct and to inform continuous improvement of the ethics program. The Chief Ethics Officer attends Audit Committee meetings and prepares reports on the status of the ethics program, including metrics, program strategy and operations updates. The Business Ethics Office also prepares quarterly reports to Xerox's external auditors.

CODE OF BUSINESS CONDUCT AND POLICIES

Our Code of Business Conduct serves as the foundation of our Business Ethics and Compliance Program and our means to implement the Xerox Human Rights Policy. It embodies and reinforces our commitment to integrity and helps our people resolve ethics and compliance concerns consistent with our core values and legal and policy controls. Our Code of Business Conduct is available in 19 languages and accessible on our internal and external websites. The Code is aligned to our core values and covers policies and guidance on key topics, including sales and marketing activities, controllership, insider trading, bribery, non-discriminatory employment practices, privacy rights, human rights and environmental stewardship. It also specifies employees' obligations to report suspected ethical violations and reinforces our strong "non-retaliation policy," which is also memorialized in a separate, stand-alone corporate non-retaliation policy.

Xerox has a comprehensive framework of policies which incorporate a culture of compliance into day-to-day operations. Corporate policies are published on Xerox's Ethics & Policies intranet. Additionally, key policy references are included in the Code of Business Conduct to help ensure accessibility. Xerox's Business Ethics Policy is publicly available and translated into

19 languages. It describes the ethical business conduct required when conducting business on Xerox's behalf or representing Xerox in any capacity. Country specific and regional policies exist to provide additional clarity.

In addition to our global Code of Business Conduct and policy framework, we have a supplemental Finance Code of Conduct for finance employees and a Code of Business Conduct and Ethics for Members of the Board of Directors. As a member of the Responsible Business Alliance (RBA), Xerox uses the RBA Code of Conduct as our supplier code of conduct.

CORPORATE ETHICS GOVERNANCE BOARD

The Xerox Business Ethics and Compliance Governance Board (Governance Board) works closely with the Ethics Office to imbed business ethics into Xerox's worldwide business operations. The Ethics Office coordinates the Governance Board's activities to ensure consistency and provide an executive-level forum for discussing emerging trends, issues and concerns. The Governance Board represents business and corporate organizations within Xerox and its subsidiaries and participates in quarterly meetings chaired by our Business Ethics Office. Governance Board Members are responsible to establish regional and/or local networks within their respective organization to assist in helping ensure that a culture of ethics and compliance exists globally at Xerox.

COMMUNICATION AND TRAINING

At the start of every year, our CEO distributes a message on business ethics to employees. All employees, and those working on behalf of Xerox, must complete ethics training annually and acknowledge that they have read the Code of Business Conduct. Xerox's Senior Leadership Team is also required to complete a conflict of interest disclosure and ethics certification confirming that each is in compliance with our Code of Business Conduct, have processes in place to support the Company's Business Ethics and Compliance Program, are committed to protecting those who make good faith reports of an actual or suspected violation from retaliation, and that they will work to safeguard the confidentiality of investigations.

We promote awareness of our Business Ethics and Compliance Program on our Ethics and Policies intranet site and Ethics and Compliance Program website. We publish video vignettes on Xerox's intranet site to provide real world examples of ethics and compliance dilemmas to keep ethics and compliance front and center for employees and those working on behalf of Xerox. We periodically implement a global ethics survey process across the organization to measure the state of the Company's ethical culture and help us focus on areas for improvement.

REPORTING AND INVESTIGATIONS

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

For some cases, the Business Ethics Office provides guidance and takes immediate action; for others, including allegations of wrongdoing, an ethics investigation is required. The Office follows a formal, consistent method for assessing alleged violations and complaints and directs them to the appropriate functional areas for investigation, resolution and closure.

Our Business Ethics Office Charter includes a "Worldwide Assignment of Responsibility Matrix for Handling Potential Ethics Violations and Associated Penalty Guidelines." This tool includes a wide range of possible ethics and compliance violations within each category of our Code of Business Conduct. Ethics allegation matters substantiated, in whole or in part, result in disciplinary action (counseling, training, warning letter, job reassignment, financial penalty or, in some cases, dismissal from the company). In addition to disciplinary action, resolution of many cases may also involve changes in processes or policies to prevent future occurrences.

Matters Reported to Business Ethics Office (BEO)				
Matters Reported	2015	2016	2017[1]	2018
Human resources	60 %	61 %	42 %	51 %
Internal policy violations	3 %	3 %	6 %	4 %
Fraud	5 %	5 %	8 %	6 %
Misappropriation of assets	3 %	3 %	3 %	4 %
External relationships (e.g. client, agents, vendors)	5 %	5 %	10 %	9 %
Conflict of interest	3 %	3 %	3 %	2 %
Confidential information	2 %	2 %	2 %	1 %
Accounting and financial reporting	2 %	2 %	7 %	11 %
Policy inquiries	7 %	8 %	6 %	4 %
Other	10 %	8 %	5 %	8 %

[1] Note: Approximately 8 % of the total number of matters reported to BEO were redirected to Conduent

Our Business Ethics Office tracks all cases from initial reporting to closure, case activity and trends, including the number of matters reported, case categories, outcomes and disciplinary action.

See www.xerox.com/ethics for additional information regarding Xerox's Business Ethics and Compliance Program.

ANTICORRUPTION, EXPORT CONTROLS, AND SANCTIONS COMPLIANCE

It is the policy of Xerox Corporation and its subsidiaries (Xerox) to comply fully with all applicable antibribery and anticorruption (ABAC) laws and regulations, including the U.S. Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act (UKBA). Xerox is similarly committed to full compliance with applicable export controls and sanctions restrictions.

Xerox operates an active and comprehensive ABAC compliance program that is supported by policy and annual training that is overseen by the Compliance Office in the Office of General Counsel. Xerox prohibits the giving or offering of a bribe of any amount or value; this includes small "facilitation" or "grease" payments for routine government approvals and actions unless employee security and health are at risk and even then, only with prior approval.

Xerox screens potential clients for applicable export control requirements and sanctions restrictions, drawing on an internal network of export control coordinators and subject matter experts. Xerox also conducts risk assessments of third-party intermediaries and includes a contractual obligation in its contracts requiring third-party intermediaries to adhere to the same standards for compliance with ABAC, export controls, and sanctions. Xerox sends an annual reminder letter to its major distributors and resellers outside the United States requiring them to acknowledge and confirm awareness of the FCPA, UKBA, and all locally applicable ABAC laws and regulations, as well as any applicable export controls and sanctions, and to certify that, to the best of its knowledge, the third party has complied fully with these requirements.

INITIATIVES TO COUNTERACT PIRACY AND FRAUD

Xerox is leading the charge against counterfeiting and other black market activities, both independently and collaboratively with other original equipment manufacturers. Every year the global imaging industry—and the clients who use its products and services—suffer the loss of millions of dollars due to piracy and fraud. We are vigilant in our efforts to thwart both the use of our brand on counterfeit materials as well as "blending," whereby counterfeit materials are mixed with originals.

The use of counterfeit supplies can result in poor equipment performance, low supply yields, inferior print quality, toner leakage, increased failure rates, and equipment downtime all of which can cost time and money. To avoid this risk, we advise our clients to purchase solely from Xerox Authorized Resellers.

PUBLIC POLICY ENGAGEMENT

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

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

INTERNATIONAL TRADE

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

CORPORATE TAXATION

As a global enterprise, we comply with the tax laws and regulations in all 160+ countries where we operate. For more information on the taxes we pay, please see our 2018 Annual Report. The United States enacted sweeping tax reform at the end of 2017, and Xerox is working to review and implement regulations from the Treasury.

EDUCATION

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

INTELLECTUAL PROPERTY

We actively support global policies and practices that combat theft of intellectual property by counterfeiters who manufacture "knockoff" products. Further, we oppose frivolous intellectual property litigation that imposes unnecessary costs on innovative companies. As a result of the United States Congress undertaking a serious examination of U.S. patent laws, Xerox is undertaking a review of its own patent policy priorities to enhance the company's ability to innovate, protect, and monetize its intellectual property.

ENVIRONMENT

Our Environment, Health, Safety, and Sustainability governance policy adopted in 1991 forms the foundation of our environmental leadership program. We are committed to designing, manufacturing, distributing, and marketing products and processes to optimize resource utilization and minimize environmental impact.

INFORMATION TECHNOLOGY

Xerox promotes policy positions that make Information Technology (IT) more effective in supporting federal, state, and local government missions, improving government technology acquisition processes, maximizing the positive financial effect of IT investments, and creating better results for those served by government agencies and programs. Our Office of Global Government Affairs has an established network of resources whose responsibilities include monitoring legislation and policies that would affect our various government lines of business.

RETIREMENT POLICY

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

HEALTHCARE

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

TRADE ASSOCIATIONS AND ORGANIZATIONS

Xerox is a member of a wide array of trade associations. These organizations develop and promote sound public policies and assist us with business development opportunities.

POLITICAL ACTIVITY

Xerox, like most major corporations, is a member of various 501(c) organizations that may engage in political activities. We may not necessarily agree with every position taken by every organization to which we contribute. We make a reasonable effort to determine what portion of our dues is used for lobbying expenditures or political contributions. Any trade association dues, or portions thereof, that are not deductible for tax purposes are appropriately reported in our annual lobbying disclosure reports.

Organization	Dues Paid	Percentage Lobbying	Amount Nondeductible
Business Roundtable	$133,000	85%	$113,050
Greater Rochester Chamber of Commerce	$78,868	10%	$7,886.80
ERISA Industry Committee	$25,000	35%	$8,750
The Washington Tax Group LLC	$25,000	100%	$25,000
National Association of Manufacturers	$40,000	26%	$10,400
American Benefits Council	$20,000	21%	$4,200
CompTIA	$5,000	100%	$5,000

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

EMPLOYEE PERSONAL POLITICAL CONTRIBUTIONS

We encourage our employees to participate in any community and political activities they find to be consistent with their values. We do not discriminate in favor of or against employees based on the organizations they choose to support. Employees are not reimbursed directly or through increases in compensation for their personal political contributions and expenses.

XEROX CORPORATE POLITICAL CONTRIBUTIONS

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

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

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

- The integrity and character of the candidate;

- The candidate's position on significant policy issues of importance to our company;

- The candidate's overall support for our company and industry;

- The candidate's overall support for the free enterprise system and U.S. competitiveness; and

- A demonstrated willingness on the part of the candidate to work with our company and industry to achieve responsible public policy solutions.

- The candidate's representation of a state or district in which our company has a significant number of employees or facilities

- Whether the candidate holds a leadership position within their political party

- The candidate's electability permissibility under applicable law

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

- Out-of-election-cycle contributions

- Contributions to leadership PACs

- Contributions to trade association PACs

- Contributions to ballot measure committees

- Contributions to political parties

XPAC does not permit contributions for:

- Independent expenditure committees

- Electioneering communications

- Candidates for judicial office

- Presidential candidates

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

We use outside legal experts to provide periodic oversight of the company's political activities. In 2018, Xerox contributed equal amounts of $10,000 each to the Democratic Governors Association and Republican Governors Association.

Xerox contributions and other spending in 2018 are itemized below:

- Lobbying, interest representation, or similar = $1,429,133

- Local, regional or national political campaigns/organizations/candidates
  = $41,000

- Trade Associations or tax-exempt groups = $200,507

- Other (spending related to ballot measures or referendums)
  = $0

- Total = $1,670,640

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

- Director, Federal Policy

- Manager, Global Trade Compliance

- SVP, U.S. Multi-Brand Dealer Channel

- SVP, America Operations

- VP, Global Government Affairs, Sustainability & Citizenship

- VP, Public Sector and Healthcare Center of Excellence

- VP, Worldwide Taxes

Society

Society

Xerox Philanthropy

Our philanthropic investment strategy delivers the greatest effect possible for every dollar spent. In 2018, we invested more than $1.9 million in the nonprofit sector.

In addition to financial support, we provided more than twenty-five thousand hours of volunteer time.

> **25K+ hours Xerox employees dedicated to volunteering**

Many nonprofit organizations, colleges, and universities received direct financial support in the form of strategic investments, matching gifts, or community involvement activities of Xerox people.

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

- **Strong vibrant communities:** Xerox supports communities where our people and clients live and work, strengthening ties with our stakeholders, and embedding Xerox into the fabric of communities around the world. We enable our people to give back to the causes they believe in, and the support we provide enhances our corporate reputation and drives the company's success.

- **Education and workforce preparedness:** Xerox reveres the role of education in society—colleges, universities, STEM education programs, and workforce development programs that prepare the next generation of leaders, inventors, and scientists.

- **Science and technology:** Xerox invests in scientific research and partnerships to serve the long-term strategic interests of the company and our world.

- **Disaster relief:** Xerox provides aid to our employees and their neighbors in crises during natural disasters.

GOVERNANCE

The Governance Board, along with our Senior Management, oversee, guide, and approve our investment strategy and program, and Xerox Philanthropy strategies are vetted and reviewed by the Corporate Social Responsibility Council.

POLICY

Our Global Philanthropy Policy was created to formalize our approach for giving back to communities around the world. Along with reinforcing our core focus areas, it put into place a reporting structure to better capture and report global philanthropy activities that matched GRI core standards.

In 2018, we launched three new initiatives to strengthen our commitment to citizenship as well as improve our measurement of corporate philanthropy at Xerox.

- **The Global Volunteer Policy** launched in November 2018, granting every Xerox employee one workday of paid time off to volunteer at a nonprofit of their choice.

- **The Xerox Employee Matching Gift Program,** where Xerox will match employee donations to nonprofit organizations up to $500 per employee per calendar year on a one-to-one basis. The nonprofit institution must meet eligibility requirements. The new approach expands on the matching gift program of years past, where Xerox would match only contributions to higher education. With the expansion of the program, Xerox matches employee donations to both higher ed and nonprofits.

- **The Xerox Community Giving Tool.** This tool is the backbone of our employee volunteer efforts while facilitating the Xerox Matching Gift Program and tracking CSR activity.

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3 launches in 2018:

The Global Volunteer Policy
The Xerox Employee Matching Gift Program
The Xerox Community Giving Tool

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EMPLOYEE VOLUNTEERISM

We believe a combination of financial and human resources can bring about greater change than either on its own. This philosophy is perhaps best represented by the Xerox Community Involvement Program (XCIP). This long-running, grassroots initiative backs the volunteer spirit of our employees with funding support from Xerox. In this way, we're making the biggest difference in the communities where we live and work. Since the program began in 1974, thousands of Xerox people have rolled up their sleeves and participated in projects that make their hometown a better place. In 2018, Xerox invested $403,470 in XCIP, enabling more than 212 projects.

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Xerox enabled more than 212 volunteer projects globally

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

- The Xerox Science Consultant Program places Xerox people in elementary school classrooms to teach hands-on science lessons and ignite an interest in science.

- Our partnership with For Inspiration and Recognition of Science and Technology, or FIRST, enables hundreds of Xerox engineers to mentor middle and high school students within FIRST programs. The programs vary in difficulty and teach valuable technical and business skills.

- Xerox lawyers provide pro bono work to a wide range of nonprofit organizations.

- Xerox Canada's Day of Sharing (DOS) is exclusively a volunteer opportunity for employees to give back to their communities. Employees are encouraged to find opportunities matching their interests and dedicate the time to volunteer during business hours. In total, Xerox Canada invested $120,838 in their communities in 2018.

- The Xerox (U.K.) Trust invested £11,120, or USD $14,700, in charitable U.K. organizations undertaking projects with the help and at the request of Xerox people. The U.K. trust is a registered charity, number 284698. For more information, please visit Xerox.com.

- People across Xerox—from the C-suite to the factory floor—volunteer to help make our world a better place, whether by giving their time to a corporate board or rolling up their sleeves and packing boxes for a holiday food and gift drive.

EDUCATION AND THE WORKFORCE OF OUR FUTURE

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

K–12 EDUCATION

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

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

- In 2019, Xerox celebrated fifty years of The Xerox Science Consultant Program. It began in 1968 as an effort of our founder, Joe Wilson, and was a direct result of race riots in Rochester. Xerox men and women visit elementary school classrooms to teach hands-on science to children who may never have had the exposure to the material or, most importantly, a role model that looks like them.

- Xerox also celebrated thirty years of FIRST, For Inspiration and Recognition of Science and Technology. Xerox and our people are the driving force behind more than one hundred teams in the U.S. and Canada. FIRST is yet another hands-on approach to learning valuable and technical skills with real-world pressures and deadlines. Students build robots to compete and meet challenges out of a box of LEGOS and parts. As many students have said, "It's the hardest fun you'll ever have." Xerox was a founding partner of FIRST.

MATCHING GIFTS TO EDUCATION

As part of a larger effort to support education in the U.S., Xerox provides matching gifts to colleges and universities. In 2018, 110 institutions received 173 matching gifts from Xerox. The top five beneficiaries were:

- University of Rochester
- Rochester Institute of Technology
- Carnegie Mellon University
- University of Missouri
- Tulane University

SCIENCE AND TECHNOLOGY

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

Xerox R&D teams partner with many universities worldwide to collaborate, innovate, and ideate—all in an effort to bring to the market more quickly thoughtful, sustainable technology for clients.

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

Since 2015, Xerox and RIT have partnered to create The Advanced Manufacturing Print Center, a 2,000-square-foot, state-of-the-art research facility. For more than a decade, Xerox has been in the additive manufacturing market (also known as the 3D printing market) as a developer and supplier of the inkjet print heads used by leading 3D printing companies. We have also used 3D printers to transform some of our own manufacturing processes.

The partnership affords Xerox direct access to a world-class facility and the potential for our technology group to collaborate with leading researchers in this space, all of which may enhance and propel future programs. We also take part in working with and developing talent that may benefit us in the future.

Academia	Focus	Benefits	Outcome
Alfred University (NY)	Metals, ceramics composites, glass; talent	Access to advanced manufacturing metal jetting analytical tools	New hires Advanced manufacturing metal jetting interactions
Clarkson University (NY)	Nano particle design; talent, consulting, specialized analytical tools; Design for Sustainability	Nano particle design, synthesis, and thin films, access to analytical tools	Center for Advanced Materials Processing; joint funding from National Science Foundation; New York State; $4M+ R&D cost savings Interim residencies Faculty sabbaticals
Cornell	Talent, specialized analytical tools	3D printing polymers, access to analytical labs	New hires
Purdue	3D, electrical and computer engineering; materials science	Exploring collaborative research and business opportunities in 3D, materials science	Developed curriculum for electrical and computer engineering programs to teach intellectual property generation and management Xerox Customer Innovation Center on campus Faculty residency New hires
Rochester Institute of Technology (NY)	Advanced Manufacturing; Service Learning; talent, consulting, specialized analytical tools	Collaboration with 3D Market leaders and subject matter experts; State of the art facility and equipment;	AM Print Center $5M+ R&D cost savings as a result of open innovation and collaboration New hires Learnings translate to new Xerox product innovation Faculty sabbaticals
Rensselaer Polytechnic Institute (NY)	Talent, specialized analytical tools	3D printing of polymers, nanotechnology research	New hires
The State University of New York (SUNY) at Binghamton	Roll-to-roll prototype infrastructure, 3DP	Access to tools and research	New hires
SUNY Buffalo	3D printing metal	3D printing of metal, access to tools and research	Vader System was a start-up NY and Xerox acquired with employees
SUNY New Paltz	3D printing infrastructure	Part of RIT's AM Print Center	Part of RIT's AM Print Center
SUNY-Polytech	Nano materials	Collaborative research for nano materials with subject matter experts	Xerox positioned as partner and leader in nanotech within their circle of influence

Xerox champions a variety of organizations that respond to natural disasters around the world. We invest in the American Red Cross for its efforts to respond quickly and effectively to U.S.-based natural disasters. In 2018, Xerox partnered with The American Red Cross in response to the California wildfires and Hurricanes Florence and Michael. We also invest in Save the Children and Concern Worldwide, which bolsters our ability to help satisfy urgent humanitarian needs around the world.

Evolving the Workplace

Global Workforce

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

Data pertaining to the demographics, diversity, and union representation of our global workforce is available in our 2019 Corporate Social Responsibility Goals and Progress Summary available at Xerox.com.

DIVERSITY AND INCLUSION

Diversity is an essential part of our corporate culture. Treating others with respect and offering equal opportunity regardless of origin, race, gender, or sexual orientation makes us stronger because it allows us to take full advantage of a global workforce that is rich in experience, knowledge, and creativity. Many of our accomplishments as a company originate from teams of diverse individuals whose varying perspectives complement one another as they work together to achieve our strategic goals. We also strive to ensure a balanced workforce through implementation of "The Wilson Rule," which is a process to ensure diverse candidate slates.

To see our workplace goals and progress, see our 2019 Corporate Social Responsibility Goals and Progress Summary.

AWARD-WINNING DIVERSITY AND INCLUSION

Year after year, Xerox is recognized for embracing diversity in the workplace. The following is a list of some of our acknowledgments from 2018 through April 2019:

- Military Friendly Employer & Best Workplace
- India Best Company for Women
- DMBA—Diversity MBA Top 50 Places to work
- Black Enterprise Best Companies for Diversity
- Spain—INTRAMA Top 30 companies
- CEI—Global LGBT Human Rights Campaign
- ATT Supplier Diversity Crystal Award
- Chief Information Officer (CIO) 100 Awards
- Greater Toronto's Top Employers 2019 by MediaCorp Canada
- Canada Best Diversity Employer & Place to Work—Category: Technology
- Canada's Top 100 Employers for 2019 by MediaCorp Canada
- Canada's Top Employers for Young People

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

Topics that are discussed in partnership with these affinity groups are:

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

NONDISCRIMINATION POLICY

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

By focusing on diversity, Xerox hires, promotes, and retains the best people who are well-suited for our business. We've designed our hiring and promotion efforts to ensure a deep, diverse reserve of strong players who are ready to assume leadership roles. Our Senior Executives recruit at universities and career fairs as an outreach for diverse candidates.

RECRUITMENT

Working along with our seven Employee Diversity Resource groups, we support direct mentorship programs and encourage employee-to-student outreach and seminars. To expand our recruitment efforts further, we partner with contract employers to ensure our opportunities are available to veterans and individuals with disabilities. We have a similar university outreach program for recruiting minority employees from local colleges and universities.

We hold a policy of balanced external recruitment and candidate slates for internal job openings. The Wilson Rule, named after Joe Wilson, a Xerox CEO from the 1960s, provides guidance on building a diverse candidate slate.

EQUAL EMPLOYMENT OPPORTUNITY

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

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

TALENT MANAGEMENT AND WORKFORCE DEVELOPMENT

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

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

We are reinventing our culture of learning by integrating learning into day-to-day work rather than simply delivering it. In 2019, we are completing the implementation of our new learning ecosystem to ensure our people have access to critical resources for business success and to align with our corporate vision, values, and business direction.

To thrive in a competitive landscape, we rely on the expertise of our workforce. Key priorities include:

- Fueling leader-led talent management and workforce development, and learning enabled by all managers;

- Fostering ownership of high-performance and career-focused development among employees;

- Integrating learning with work and building a culture of learning and workforce knowledge sharing; and

- Upskilling our people for key business initiatives.

CAREER PLANNING

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

When you join Xerox, you become part of a team of ambitious and motivated professionals who seek to create tomorrow's technologies, business processes, and service solutions for our clients. We are always eager to learn new things, collaborate with new people, and explore new possibilities. That is why we have developed robust learning and upskilling opportunities.

To manage their professional learning, our employees use a comprehensive global learning platform that provides access to hundreds of targeted online courses, virtual classroom events, simulations, job aids, and other learning and development resources. Topics range from technical upskilling to management development and professional effectiveness and includes productivity tools for project management, client service, negotiations, and technology solutions.

CAREER DEVELOPMENT

We have developed learning paths and certification programs specifically designed for employees in particular business areas. These programs use standard criteria for tracking learning progress and provide recognition for skills development and application. Along with development within a particular role, career opportunities are available to move internally at Xerox, whether into a new department, a different business unit, or supporting a new client.

GLOBAL LEARNING INNOVATION FOR EMPLOYEES AND PARTNERS

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

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

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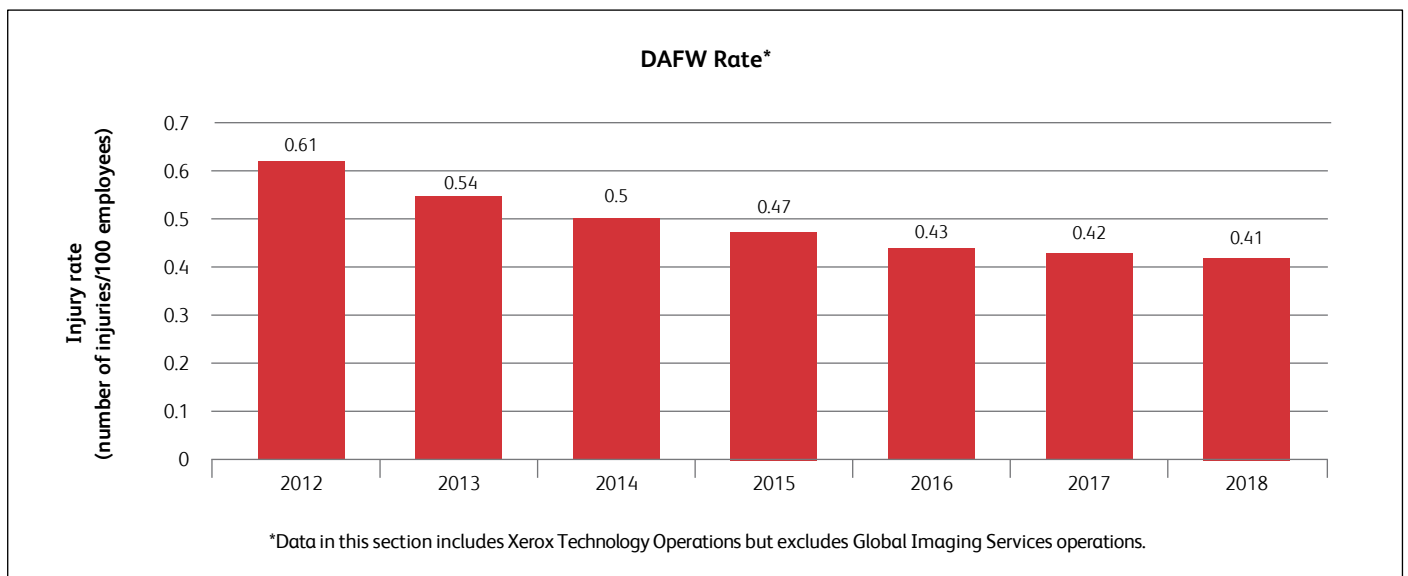
Health, Wellness, and Safety

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

HEALTHCARE

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

EMPLOYEE SAFETY

Xerox is committed to maintaining a safe work environment for our people. We strive toward a goal of zero workplace injuries, continually decreasing the frequency and severity of injuries every year. In 2018, our U.S. total recordable injury (TRI) rate decreased by 11 percent, and our day away from work case (DAFW) rate decreased by 6 percent from 2017 levels. Overall, this improvement trend has continued since 2012 and is the result of increased safety awareness and communication to our employees and focused safety management processes within our management teams. Globally, our day away from work case (DAFW) rate decreased by 2 percent, but our total recordable injury (TRI) rate increased by 2 percent.

DAFW Rate*

Year	Injury rate (number of injuries/100 employees)
2012	0.61
2013	0.54
2014	0.5
2015	0.47
2016	0.43
2017	0.42
2018	0.41

*Data in this section includes Xerox Technology Operations but excludes Global Imaging Services operations.

In 2018, our Dundalk, Ireland, and Cincinnati, Ohio, operations achieved ISO 45001 certification. Additional manufacturing operations are currently pursuing certification. We believe this safety management system certification will continue to improve our safety processes, functions, and performance.

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

SAFE FACILITIES

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

ASSET PROTECTION AND FIRE SAFETY

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

CONTRACTOR SAFETY PROCESS

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

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

ENVIRONMENT, HEALTH, AND SAFETY PROJECT REVIEWS

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

AUDIT PROGRAM

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

Xerox audit teams evaluate operations against our internal standards, external regulations, and industry guidelines. The teams also evaluate management system performance. With the assistance of the local managers and support staff, action plans are developed, and deficiencies corrected. Senior management pays particular attention to situations with the potential to pose a significant risk of environmental damage, serious injury to employees, or regulatory noncompliance. Xerox's audit program is an important mechanism for identifying and correcting performance gaps.

COMPLIANCE REPORT

Our workplaces continue to have exemplary Safety and Health compliance performance. In 2018, there were zero OSHA citations and no penalties issued.

EMERGENCY PREPAREDNESS

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

To prepare for emergencies, Xerox facilities worldwide have implemented site-specific Emergency Action Plans to assist with the execution of appropriate actions in response to local emergencies. Our plans account for common emergencies, such as responding to fires; for weather-related emergencies, such as tornadoes and hurricanes; and for more location-specific emergencies, such as responding to earthquakes and radiological emergencies. These plans also include shelter-in-place procedures to protect our employees from emergency situations that occur outside of our facilities.

We utilize a mobile risk communications platform that enables two-way communication between Xerox employees and Xerox Corporate Security. The application allows people to communicate with our security team during an emergency, check-in to mark themselves safe if a crisis hits and it allows us to provide support. The app covers the U.S and Canada and is scheduled to be rolled out company-wide by the end of the year.

We also include resources and procedures for first aid medical response in the event of an injury or illness to an employee in our facilities. In our more complex and higher hazard operations, we have Medical Emergency Response Teams (MERTs). These MERT employees are provided with the training and equipment necessary to render quick response to stabilize the medical emergency until more advanced medical support arrives.

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

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

WORKPLACE HEALTH MANAGEMENT

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

PREVENTING AND MONITORING WORKPLACE EXPOSURE

To protect employees from unsafe exposure to chemicals, noise, and radiation, Xerox applies exposure limits to worldwide manufacturing, research, and technology service operations based upon the Threshold Limit Values (TLV) recommended by the American Conference of Governmental Industrial Hygienists. These reflect the best advice of a widely respected committee of international experts. However, in jurisdictions where government regulations are more stringent, Xerox meets those regulatory requirements. For some materials, including toners and certain solvents and metals,

Xerox has established exposure limits that are more stringent than the TLV or existing regulations and standards.

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

Of the workplace exposure monitored in 2018, 99 percent was within limits established by the American Conference of Governmental Industrial Hygienists. When necessary, inhalation exposure was controlled through the proper use of respiratory protection equipment where additional engineering controls were not feasible.

ERGONOMICS

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

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

- **Manufacturing operations:** Each operating unit is required to complete an "Action Limit Checklist" for all jobs. This checklist helps to identify areas of ergonomic risk and prioritize necessary changes/modifications. All employees are required to have basic ergonomic training that includes identifying risk factors, injuries most commonly related to poor setup, and simple strategies for improvement.

- **Machine service:** Xerox Client Service Engineers' (CSEs) exposure to ergonomic hazards has been studied. The findings have helped us select tools and develop procedures to mitigate risk of musculoskeletal disorders. Throughout the equipment design process, evaluations are done to assess risks for our CSEs.

The best time to make a modification is when a product is still in the design or early test phases.

- **Office ergonomics:** Our largest employee population is office based. Raising awareness and helping employees make effective workstation changes is critical to minimizing risk for this population. We created computer-based training on ergonomics principles and practices. This method of delivery enables employees to go through needed training programs at a time that minimizes business interruptions.

In 2018, we conducted detailed ergonomic assessments in some of our U.S. manufacturing plants because of employee concerns and job moves. This enabled additional risk reduction, process changes, and employee training programs.

MOTOR VEHICLE SAFETY

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

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

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

Employee Rights

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

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

Xerox has a long-standing commitment to conducting business with integrity. In fact, Xerox was named one of the "World's Most Ethical Companies" by Ethisphere Magazine for the twelfth consecutive year in 2018. Our corporate Business Ethics and Compliance program was established in 2001 and designed to foster the highest ethical standards among employees and those working on our behalf. It also aims to prevent, detect, and address potential violations of Xerox's Code of Business Ethics, associated company policies, and applicable laws and regulations.

CODES OF BUSINESS CONDUCT

Our Code of Business Conduct is the bedrock of our ethics and compliance program. It embodies and reinforces our commitment to integrity and helps our people resolve ethics and compliance concerns consistent with our core values and legal and policy controls. Our Code of Business Conduct is available in 16 languages and accessible through our internal and external websites. The Code is aligned to our core values and covers policies and guidance on key topics, including sales and marketing activities, controllership, insider trading, bribery, nondiscriminatory employment practices, privacy rights, human rights, and environmental stewardship. The Code also specifies employees' obligations to report suspected ethical violations and reinforces our strong "no retaliation policy."

We promote communications and awareness of our ethics and compliance program on the company's Ethics & Policies website and in company intranet postings. Periodic ethics surveys are conducted of employees in several countries to gauge the state of the company's ethical culture and help us focus on areas for improvement.

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

- In Europe, we recognize a variety of work councils and trade unions as established under European labor laws to meet requirements for information and consultation for the protection of employee rights. Union representation ranges from 43 to 100 percent in the following countries: Ireland, France, Austria, Switzerland, Spain, Italy, Netherlands, Germany, Belgium, Norway, Sweden, Denmark, Finland, and Luxembourg.

- Union representation in Latin American countries includes Argentina, Brazil, Chile, and Mexico and ranges from 50 to 100 percent.

- In the U.S. and Canada, we maintain a cooperative and effective relationship with three unions that represent nearly 3 percent of employees in five locations: Workers United, Unifor, and the Service Employees International Union (SEIU) through a Cooperative Agreement with Workers United.

OPERATIONAL CHANGES TO COLLECTIVE AGREEMENTS

In the U.S., the notification periods required for operational changes are specified in collective bargaining agreements and vary depending on the location and type of change. As a default, each agreement contains a "duration clause," which

provides that if either party desires to make changes to the agreement before its termination, written notice must be given sixty days before the expiration date.

GRIEVANCE PROCESSES

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

TOTAL REWARDS: COMPENSATION AND BENEFITS

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

We believe our programs should achieve the following objectives:

- Drive shareholder value: support our business strategy and culture;

- Align with performance: align our people's interests with our shareholders thus incenting the right behaviors; and

- Support our talent strategy: attract, retain, and motivate a productive workforce.

We benchmark our programs to understand our competitiveness against the market and our peers. As a result, we review annually and make changes to our compensation and benefits programs to achieve these objectives. As with most global companies, compensation and benefits vary by location according to local regulations, market conditions or practices, and business objectives. Our compensation offerings may include the following, depending on eligibility: base pay, short-term incentive pay, and long-term incentive pay. Our benefit offerings may consist of health insurance and services, life and accident insurance, holiday and leave programs, and retirement programs.

Performance, both at the individual and company level, matters. We have an integrated Performance Management and Compensation strategy and process that drives our desired cultural behaviors, business results, and high performance. This key company process touches nearly every one of our people globally, enabling them to achieve their stated objectives and earn appropriate rewards. Ultimately, we believe that when

the "company performs well then we all benefit"—in the form of development opportunities as well as greater compensation. Additional information is available at Xerox.com.

EMPLOYEE ENGAGEMENT

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

Open dialogue has always been a priority, and for the past forty-eight years Xerox has been at the forefront of actively surveying our employees. Leveraging employee feedback, including the Employee Engagement Surveys, the Voice of the Employee Survey, and the prior year's Culture Survey, as well as the one launched in July 2019, strengthens the communication channel between the company and employees, ensures a better experience with our clients and clients, and helps create an effective and motivating work environment where we all can thrive.

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

Putting Clients First

Client Health and Safety

The health and safety of our employees, workplaces, and clients is of paramount importance. Compliance is the foundation of our effort. We evaluate all potential health and safety hazards, including the ways different hazards may interact. Furthermore, we take a conservative position on the potential health risks to our employees and clients, always meeting or exceeding government safety regulations.

COMPLIANCE

We have robust processes for tracking regulatory violations and nonconformity with voluntary codes and labels. In 2018, no such instances resulted in fines or sanctions. We also have a comprehensive process in place for tracking client concerns and other field events. All client issues, such as incidents involving component failures and other potential safety concerns, are investigated carefully to determine the root cause and monitored for trends. Corrective actions are implemented as necessary.

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

Similar types of legislation continue to be implemented in many other market regions. Through our proactive regulatory tracking process, we expect to be fully compliant with all aspects of these regulations as the provisions become effective and applicable. In 2018, we reported no issues with noncompliance to RoHS. In addition, Xerox proactively collects data from our suppliers on the presence of REACH regulated substances to provide information to downstream users. The substance review process can also result in a request to the supplier to determine if a suitable alternative is available.

SAFE PRODUCTS AND SERVICES

Safety has always been a cornerstone of our work in product development. Our comprehensive Product Safety Plan details our health and safety requirements, and all Xerox imaging equipment is assessed for conformance to these standards.

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

MATERIALS

Xerox was the first and remains the only company in our industry to have concluded two comprehensive investigations that lasted more than three decades on the health risks of inhaling xerographic toner. These studies included assessments of the health of current employees and the causes of death for people

who worked for the company between 1960 and 1982. The analysis demonstrated that the health and mortality patterns of Xerox employees were consistent with a healthy working population and, in fact, our employees had a lower rate of disease (e.g., were healthier) than the general population. In October 2010, the mortality study was published in the peer-reviewed *Journal of Occupational and Environmental Medicine.*

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

Toxicologists conduct a comprehensive assessment of new materials in our products to ensure conformance with applicable global registration, hazard communication, and waste handling and disposal requirements. In addition, our strict internal standards set firm controls on the types of materials approved for use in our consumable products. As a result of our stringent requirements, Xerox toners and office printing products are noncarcinogenic and nonmutagenic. These products do not: cause adverse developmental or reproductive effects; pose a toxicity hazard to humans or aquatic species; cause a permanent adverse effect to the skin, eyes, or respiratory system; or have the potential to generate federally regulated hazardous waste. Xerox sells imaging supplies through its distribution network that are manufactured by other companies for use in other Original Equipment Manufacturer (OEM) printers. We review these supplies to ensure compliance with appropriate regulatory requirements and our own stringent standards.

ERGONOMICS

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

MACHINE EMISSIONS

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

ACCESSIBILITY AND MOBILITY

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

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

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

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

CLIENT SATISFACTION

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

RELATIONSHIP SURVEYS

Through relationship surveys, we ask our clients and partners about their experiences working with Xerox. The surveys identify levels of client satisfaction with our products, services, and support. The feedback helps us determine which improvements are most likely to bolster client value and helps differentiate us from the competition. Traditional survey methods have been supplemented with feedback links on our social media platforms, Xerox.com, and Xerox Business Solutions individual company websites, and through client councils and client business reviews. Collection and response to client feedback is addressed at multiple levels with full accountability by the business.

TRANSACTIONAL SURVEYS

We employ transactional surveys to monitor satisfaction with our products and services with clients across our routes to market including direct sales, inside sales, and channel partner sales. These surveys help us to diagnose and address root causes of issues. Transactional surveys also tell us if we have achieved the objectives of our service-level agreements and if our clients are satisfied with our service and interactions.

TRACKING CLIENT SATISFACTION

Feedback from clients is collected from multiple client touchpoints, including relationship and transactional surveys, social media platforms, company websites, client forums, and client support interactions. Client feedback is directed to the appropriate Xerox organization to drive pervasive improvements with our client experience, including product and services quality and capability, sales relationship and engagement, service and support practices, and progressive collaboration on social and digital platforms. Each organization manages the flow through of client feedback, with accountability to report on critical client satisfaction factors.

Additionally, we offer clients access to the Xerox® Sentinel Client Satisfaction Assurance System, which is a Xerox proprietary closed-loop client experience system. Sentinel includes web-based "send and respond" features for clients to easily raise unresolved issues or share feedback that is immediately routed to the appropriate Xerox staff for closed- loop management. Given the broad adoption of Sentinel by clients across the globe, we are modernizing our communication methods to enable quicker client feedback. Sentinel will soon be available as an app on our devices, further enhancing client experience. Sentinel also generates a Sentinel Net Experience Score that is used to track and manage overall client experience.

XEROX CORPORATE FOCUS EXECUTIVE PROGRAM

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

DATA PRIVACY

Establishing client confidence through appropriate privacy practices is a fundamental obligation for businesses in today's data-driven world. Xerox embraces this obligation and continuously seeks to improve all aspects of our privacy program to galvanize our clients' confidence in our products and services.

Our client privacy responsibilities are considered throughout all aspects of the Xerox enterprise. Client privacy can be affected in Xerox's marketing activities, from Xerox's processing of personal data through services Xerox provides to our clients and through events involving Xerox systems maintaining client information.

Xerox manages these impacts through implementation of a global privacy program that includes representation from all aspects of the enterprise, including legal, information technology, information management, corporate security, human resources, marketing, ethics, risk management, product development, and internal audit. The purpose of this cross-functional team is to build on Xerox's existing robust privacy practices and create consistency across the enterprise to implement binding procedures that instill confidence in our products and services. These Xerox groups are responsible for maintaining and overseeing various policies concerning privacy compliance and secure handling of personal data, such as Xerox's

Privacy Statement, and different internal corporate privacy and security policies regarding personal data, marketing preferences, and human resources obligations.

The Xerox global privacy program reviews and updates these policies annually, most recently to address the EU General Data Protection Regulation and Xerox's certification to the Privacy Shield Framework. Xerox has implemented new privacy management tools and practices, such as privacy impact assessments to document and map data flows within Xerox and updates to our vendor management to ensure appropriate contractual obligations are agreed to and followed by vendors processing personal data on our behalf. Xerox continuously monitors and researches privacy laws throughout the world to ensure we comply with all applicable requirements.

Adherence to Xerox policies is enforced through a combination of technical and manual safeguards on our systems and facilities, disciplinary actions against employees, and audit rights and other contractual rights against our vendors. We implement the ISO 27000 Information Security Management System and the National Institute of Standards and Technology Cybersecurity Framework within Xerox, and many of our systems and data centers have been ISO 27000 certified by independent auditors. Annual training regarding ethics, privacy, and security is required of all Xerox employees. Additional specialized training is required for certain roles, and numerous training programs are available for employees to take on their own initiative.

Our publicly facing Privacy Statement provides information to individuals regarding the corporation's actions with respect to personal data Xerox may collect and process and provides rights to these data subjects regarding their personal data. Additionally, Xerox cooperates with our clients and negotiates appropriate contractual commitments to allow our clients to comply with relevant data subject rights and applicable privacy laws. Inquiries related to our handling of personal data can be made to privacy@xerox.com or to the appropriate account manager for the client relationship. An ethics hotline and an internal incident response hotline are available for reporting alleged violations for investigation by a dedicated, cross- disciplinary incident response team. During 2018, Xerox did not receive any substantiated complaints from outside parties or regulatory bodies concerning breaches of client privacy.

We also research and monitor the data-protection laws in the countries where we do business to ensure that we comply with applicable requirements. For example, we comply with the following international laws where applicable: Canadian Personal Information Protection and Electronic Documents Act; European Union Directive 95/46/EC on the protection of personal data; EU General Data Protection Regulation (GDPR); and Applicable U.S. federal and state privacy laws.

DATA SECURITY WITH XEROX PRODUCTS

To protect our clients' most sensitive data, we take a holistic approach to managing security throughout the product life cycle, from design to development, manufacturing, deployment and, ultimately, disposal.

Security functionality is integrated at the individual device level and extends seamlessly to the fleet. State-of-the-art encryption is used extensively to protect client information, both while at rest in the device and in motion to and from the device. The authentication and authorization features are unmatched in their ability to control usage; yet, they also are easy to use. We put special emphasis on the care and handling of machines that are returned to us after lease expiration or otherwise. Disks in these devices are destroyed or completely remastered to remove any residual client information before they are reused.

In the unlikely event that data and network defenses are bypassed, Xerox® ConnectKey® Technology will run a comprehensive Firmware Verification test either at start-up or when activated by authorized users. This alerts users if any harmful changes to their printer have been detected. Our most advanced built-in solutions use McAfee® Whitelisting technology, which constantly monitors for and automatically prevents any malicious malware from running. Integration with Cisco® Identity Services Engine (ISE) auto-detects Xerox® devices on the network and classifies them as printers for security policy implementation and compliance.

To further support information security, we have policies and controls in place to provide privacy protection for personally identifiable information maintained by Xerox. Our policies follow industry best practices, including the use of encryption technology and data loss protection software.

Our approach has earned us top levels of compliance and certifications, such as the Common Criteria (ISO/ IEC 15408) and FIPS 140-2, and in 2018 Xerox became the first document technology company to achieve an Authority to Operate (P-ATO) from the U.S. Federal Risk and Authorization Management Program (FedRAMP), a government-wide initiative that provides a standardized approach to security. FedRAMP authorization was granted for Xerox's cloud-based Managed Print Services.
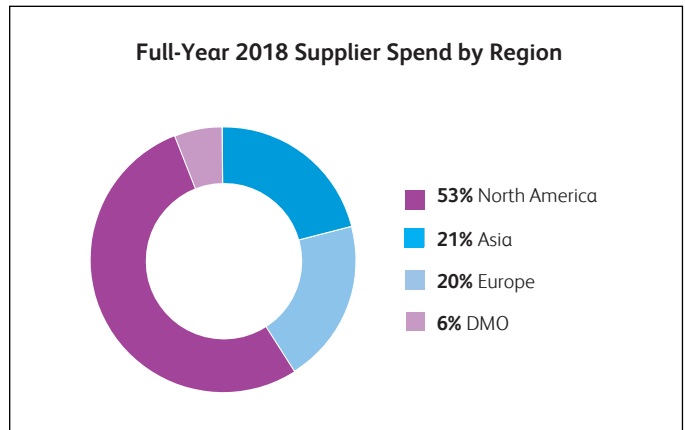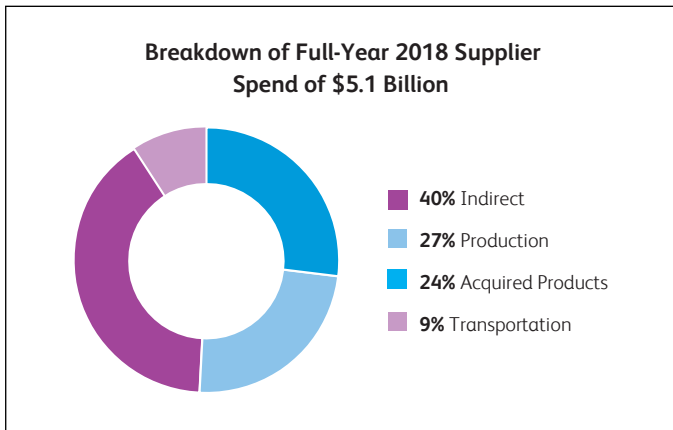
Supplier Relations

As a major organization spending approximately $5 billion per year to support our operations, we recognize an obligation to actively manage our global supplier base and ensure these critical partners meet our high social, environmental, and ethical standards.

As part of the purchasing process, we assess the quality, cost, delivery, and sustainability of all products and services whether we purchase from North America, Europe, or Asia. We source, contract, and purchase everything from transportation to raw materials and components. Our local presence in these regions leads to direct interaction with our suppliers.

Our approach is to source from suppliers that are geographically located near our purchasing, manufacturing, and distribution operations. We describe these suppliers as "local." In the U.S. and Canada, approximately 77 percent of spend is from local suppliers; in Europe, it is 94 percent and 54 percent in Asia.

Locations of our Key Suppliers

Wilsonville, OR
Webster, NY
Toronto, ON
Belgium
Venray, NL
UK
Ireland
France
Spain
Germany
Austria
Switzerland
Italy
Portugal
India
Malaysia
Singapore
Japan
Korea
Shenzhen, CN
Hong Kong

Breakdown of Full-Year 2018 Supplier Spend of $5.1 Billion

- **40%** Indirect
- **27%** Production
- **24%** Acquired Products
- **9%** Transportation

Full-Year 2018 Supplier Spend by Region

- **53%** North America
- **21%** Asia
- **20%** Europe
- **6%** DMO

In 2018, we sourced the majority of our needs from the partners listed below.

Name of Company	Sustainability Site	Sustainability Report
Fuji Xerox Co. Ltd.	Fuji Xerox Sustainability	2018 Sustainability Report
Flextronics International	Flextronics Social Responsibility	2018 CSR Report
Samsung Electronics	Samsung Sustainability	2017 Sustainability Report

SUPPLIER CODE OF CONDUCT

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

Xerox joined the Responsible Business Alliance (RBA) formerly known as the Electronic Industry Citizenship Coalition (EICC) in 2008 to strengthen our approach for managing corporate social responsibility across the supply chain. All RBA members are accountable to a common code of conduct for social, environmental, and governance of its operations and suppliers. Xerox has adopted the RBA Code of Conduct as our Supplier Code of Conduct. Xerox enforces the Code by including terms and conditions in our supplier purchase agreements and contracts and requiring suppliers to represent and warrant their compliance with all applicable laws and regulations for the sale of goods/materials to Xerox. We perform risk assessments and require suppliers to participate in the Xerox Compliance Program. Annually, we remind our suppliers of their contractual obligations.

An initial risk assessment is conducted to determine suppliers that pose higher corporate social responsibility risks. Suppliers classified as high risk and those considered critical to our supply chain are required to complete a Self-Assessment Questionnaire (SAQ) annually. If significant risks are indicated on the SAQ, then Xerox will schedule an audit of that supplier. The SAQ also serves to raise suppliers' awareness about the importance of social responsibility topics, clarify Xerox's expectations, target areas for review, and document suppliers' assessment of their performance. Annually and based on the assessments and questionnaires from the previous year, we select suppliers for compliance review or on-site audit.

Xerox global procurement and corporate security organizations screen all production suppliers and significant indirect suppliers to assess compliance with global anti-bribery laws and regulations, including but not limited to, the U.S. Foreign Corrupt Practices Act and U.K. Bribery Act. If a supplier is found to have violated applicable laws or contract terms and conditions, Xerox reviews each situation on a case-by-case basis and determines the necessary course of action, e.g., terminate supplier relationship, instruct supplier to take corrective action.

BUSINESS PERFORMANCE AND REVIEWS

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

Revenue risk criteria include:

- Materiality risk to business revenues;
- Annual supplier spends and total contracted value of the full relationship;
- Impact to product life cycle management; and
- Extent of the impact to related subsystems and product portfolio.

Business risk criteria include:

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

AUDIT PROGRAM

One of the key elements in Xerox's risk assessment framework is to identify potential sustainability risk in our supply chain. Xerox focuses its supplier audit program on those suppliers that comprise the greatest percentage of annual spend. Suppliers in the Asia-Pacific region comprise approximately 80 percent of Xerox annual direct spend.

The audits conducted by Xerox Global Procurement Organization are based on the Responsible Business Alliance (RBA) Code of Conduct and relevant local laws and regulations. For audits conducted in 2018, Xerox used the latest ratified RBA Code of Conduct (version 6.0) that included additional requirements pertaining to social and environmental dimensions. With the addition of requirements pertaining to pregnant workers and water resource management, Xerox suppliers are required to provide additional evidence of ongoing continual improvement practices.

Supplier Audits—Scope and Status by year	2017	2018
RBA "In-Scope" Workers coverage	33799	14208
Initial audits	10	6
Closure audits	27	17
Total audits	37	23

PERFORMANCE

In 2018, Xerox conducted six initial audits and closed seventeen audits that were initiated before 2018 in various Asian countries. As compared to the initial audit findings, the average level of supplier conformance observed during the closure audits increased 12 percent to 82.64 percent.

Supplier Rate of Conformance (%)
Pre-Audit 70%
Post-Audit 83%
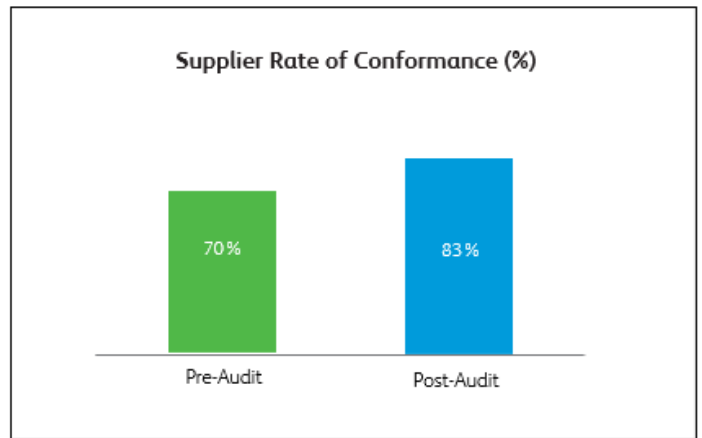
EXTENDING CSR AUDIT FOOTPRINT

In 2019, Xerox intends to extend their CSR audit footprint into other geographic regions, such as Europe and the USA, as it continues to meet all commitments of a full RBA corporate member.

CORRECTIVE ACTION AND CONTINUAL IMPROVEMENT

Xerox requires suppliers to provide a comprehensive corrective action plan for all nonconformances within a designated time frame that varies according to the severity of the nonconformance. The time frame can range from immediate up to 180 days from the original audit. Our team then reviews these plans and schedules a closure audit to ensure all corrective actions plan put into place are effective. If such remedies are found to be inadequate, we intervene to help the supplier develop a more robust and effective solution.

Upon request from the suppliers, Xerox will provide a briefing session to the suppliers on their specific areas of concern in responding to Xerox RBA audit findings. For example, one wire harnesses assembly supplier in Singapore has requested a briefing session regarding their area of concern in targets and objectives of pollution control, waste management, storm water management after the RBA audit in 2016 in which Xerox conducted a training session explaining the actual requirements and expectations with them on December 1, 2016.
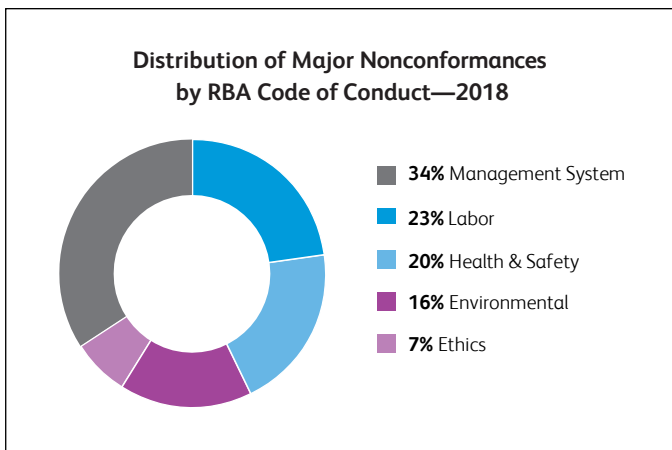
The CSR audit nonconformances vary according to geographical location, the respective country culture, and governmental policing. All twenty-three suppliers were found to have nonconformances in one or more segments of the RBA Code (refer to the following chart).

In 2018, the nonconformances reported for the Labor, Health & Safety and Management System accounted for more than two-thirds of the total nonconformances.

ADDRESSING PRIORITY NONCONFORMANCE

The priority nonconformances are the most serious type of findings during our CSR audit. Xerox takes such audit findings very seriously; the supplier will be required to take immediate action to rectify the situation and provide a corrective action plan within thirty days from the original audit.

In 2018, there were sixteen Priority nonconformances identified during the audit for deficiencies related to Labor, Health & Safety and the Environmental sections of the RBA Code. Suppliers were required to provide their corrective action plan within the thirty-day time frame. After review and acceptance by Xerox, all suppliers agreed to the corrective action plans.

Distribution of Major Nonconformances by RBA Code of Conduct—2018

- **34%** Management System
- **23%** Labor
- **20%** Health & Safety
- **16%** Environmental
- **7%** Ethics

Top 5 Major Nonconformances in 2018 RBA Audits

Issue	Category	% of audit with nonconformances	Description
Working hours (>60 hours per week)	Labor	65%	Excessive work hours have been the single largest challenge in the CSR audit, especially in Malaysia and China during peak production months. Most workers in these countries voluntarily work long hours. Xerox is working closely with suppliers for continual improvement of the working hours.
Self-assessment and corrective action systems	Management Systems	61%	Most Xerox Suppliers certified to ISO14001 and/or OHSAS 18001 have not established an effective self-audit and corrective action system for ethics and labor management. Suppliers were advised to adopt a similar approach in their certified ISO management system for labor and ethics management system.
Implementation of RBA Code of Conduct to next tier suppliers	Management Systems	61%	To counter this issue, we have shared best practices in implementing the RBA Code of Conduct across the supply chain.
Improvement in GHG Emissions (Scope 1 and 2)	Environment	56%	Most suppliers have improvement projects but lack measurable improvement in reducing Scope 1 emissions. Suppliers were advised to establish clear improvement objectives.
Risk Assessment & Improvement objectives	Management Systems	56%	Most Xerox Suppliers certified to ISO14001 and/or OHSAS 18001 have not established an effective risk assessment and improvement objectives for ethics and labor management. Suppliers were advised to adopt a similar approach in their certified ISO management system for labor and ethics management system.

CONFLICT MINERALS

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

- Xerox has an extensive Conflict Minerals Policy.

- We publish our Due Diligence activities in our yearly Conflict Minerals Report.

- Our internal processes incorporate the Organisation for Economic Co-operation and Development (OECD) framework for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

- We are an active member of the RBA and the Responsible Minerals Initiative (RMI), formerly known as the Conflict-Free Sourcing Initiative (CFSI).

- We use the RMI Conflict Mineral Reporting Template (CMRT) to survey our supplier base regarding conflict-free mineral usage.

- We support the Responsible Mineral Audit Program (RMAP), which independently audits smelters and refiners to determine if they have a system in place to ensure compliant sourcing of conflict-free minerals.

- Our supplier contract template includes a specific reference to conflict-free minerals to ensure responsible sourcing in our supply chain.

- We filed Form SD with the SEC for 2018 on May 15, 2019.

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

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

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

SUPPLY CHAIN SECURITY

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

- We have rigorous processes to identify and eliminate counterfeit supplies and components from our supply chain. Read our Anti-Counterfeiting Statement. Genuine Xerox supplies are also microchip (CRUM) protected for use with Xerox products.

- We source from a base of trusted and established suppliers (and their authorized distributors) who have been through our comprehensive vetting system.

- We seek warranties guaranteeing authenticity and quality; among other benefits, this practice mitigates obsolescence.

- Suppliers wanting to substitute an item different from what was originally agreed upon are required to seek approval from our Global Procurement and Engineering groups.

- We've built security controls into our supply chain to help ensure the uninterrupted flow of products from the point of manufacture to the client.

- We continuously monitor 100 percent of our direct and critical indirect suppliers to ensure compliance with global anti-bribery laws and regulations, including but not limited to, the U.S. Foreign Corrupt Practices Act (FCPA) and the U.K. Bribery Act.

- We are a certified participant of the U.S. Customs and Border Protection Customs-Trade Partnership Against Terrorism (C-TPAT) and the E.U. Authorized Economic Operator (AEO) program in the Netherlands and Ireland. As part of these memberships, we've adopted specific criteria for both our Supplier Security Requirements and internal security policies and standards.

- We have an ongoing assessment program to monitor compliance of high-risk suppliers as well as internal locations. We belong to the Transported Asset Protection Association (TAPA).

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

In 2018, CIPS completed a complete recertification of Xerox's strategic procurement program against the standards set forth in the Platinum Certification and concurred that Xerox continues to display world-class procurement practices required to maintain this advanced CIPS certification.

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

SUPPLIER DIVERSITY

We proactively identify and seek to work with certified small and diverse businesses, and several independent groups have recognized Xerox as having outstanding supplier diversity. A diverse supplier pool is a competitive advantage and a powerful business tool. We are committed to:

- Actively seeking certified diverse suppliers that can provide competitive, high-quality goods and services and whose business models align with our business strategy;

- Ensuring the inclusion of diverse suppliers as part of our strategic sourcing and procurement process;

- Communicating the value of supplier diversity both internally and externally to all stakeholders; and

- Leveraging our supplier diversity results to meet our clients' supplier diversity requirements.

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

We take part in several efforts with the goal of increasing diversity and inclusion in different business areas:

- We are an active member of the New York/New Jersey National Minority Supplier Development Council (NMSDC) and the Women's Business Enterprise National Council. We participate in various national and regional conferences, matchmaker events, and forums, which promote business with small and diverse businesses.

- The Inclusion Initiative is committed to identifying and increasing opportunities for minority, women, and other diversely owned law firms. Since joining the Initiative in 2011, we have increased engagements of diverse firms and continuously exceeded our annual goals for spend with them.

Current and potential vendors can learn more about supplier diversity, supplier quality assurance, and supplier ethics by visiting our Supplier Relations page at Xerox.com.

About This Report

How We Report

In this report, we identify our process for prioritizing CSR topics that are relevant to our stakeholders and business. For our most material priorities, we include a description of our management approach, including Xerox policies and programs through April 2019 unless otherwise noted. We also share the methods we use to evaluate our effectiveness in managing these topics. That often includes internal and external feedback we have received throughout the year. With this feedback and upon changing external dynamics, we modify our approach.

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

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

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

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xerox™

Disclosure	Section	Page(s)
GRI General Disclosures		
102-1 Name of the organization	Xerox 2019 10-K	Cover page
102-2 Activities, brands, products and services	Xerox 2019 10-K	1-8
102-3 Location of headquarters	Xerox 2019 10-K	16
102-4 Location of operations	Xerox 2019 10-K	16
102-5 Ownership and legal form	Xerox 2019 10-K	Cover page
102-6 Markets served	Xerox 2019 10-K	4-8
102-7 Scale of the organization	Xerox 2019 10-K Xerox 2019 CSR Progress Summary & Goals	60, 129 9
102-8 Information on employees and other workers	Xerox 2019 CSR Progress Summary & Goals Society Section/Evolving the Workplace	14 43-46
102-9 Supply Chain	Society Section/Supplier Relations	53-59
102-10 Significant changes to organization and supply chain	Society Section/Supplier Relations Xerox 2018 Annual Report	50-60 Shareholder's Memo
102-11 Precautionary principle or approach	Society/Putting Clients First	52-53
102-12 External initiatives	Governance/Engaging with Stakeholders	25-26
102-13 Membership of associations	Governance/Engaging with Stakeholders	25-27
102-14 Statement from senior decision maker	Xerox 2019 CSR Report/Letter from CEO	3
102-15 Key impacts, risks, and opportunities	Xerox 2019 10-K	9
102-16 Values, principles, standards, and norms of behavior	Governance/Doing Good Business	29-36
102-17 Mechanisms for advice and concerns about ethics	Governance/Doing Good Business	29-36
102-18 Governance structure	Governance/Leadership	22-23
GRI 102:-18 through 39 not required for reporting in accordance with GRI *core*		
102-40 List of stakeholder groups	Governance/Engaging with Stakeholders	15-28
102-41 Collective bargaining agreements	Xerox 2019 CSR Progress Summary & Goals	25-28
102-42 Identifying and selecting stakeholders	Governance/Engaging with Stakeholders	25-28
102-43 Approach to stakeholder engagement	Governance/Engaging with Stakeholders	25-28
102-44 Key topics and concerns raised	Governance/Engaging with Stakeholders Governance/Materiality	25-28 28
102-45 Entities included in the consolidated financial statements	Xerox 2019 10-K	16
102-46 Defining report content and topic boundaries	Governance/Materiality	25-26
102-47 List of material topics	Governance/Materiality	28
102-48 Restatements of information	None	Not applicable
102-49 Changes in reporting	Society/Supplier Relations	59-60
102-50 Reporting period	About this Report	63
102-51 Date of most recent report	July 2018 (Xerox 2019 CSR Progress Summary & Goals)	
102-52 Reporting cycle	Annually	Not Applicable
102-53 Contact point for questions regarding the report	About this Report	64
102-54 Claims of reporting in accordance with the GRI Standards	How We Report	63
102-55 GRI content index	About this Report	65-68

102-56 External assurance	Responsible Operations	15
103-1 Explanation of the material topics and its boundaries	Materiality	28
103-2 The management approach and its components and 103-3 Evaluation of the management approach	Responsible Operations Evolving the Workplace Putting Clients First Supplier Relations Xerox 2019 CSR Progress Summary & Goals	13-15 43-45 52-54 56-57 3-21
Specific GRI Disclosures:		
201-1 Economic Performance	Xerox 2019 10-K	60, 129
Client Satisfaction	Society/Putting Clients First	52-53
416-1 Assessment of the health and safety impacts of product and service categories	Society/Putting Clients First	52-53
Employee Development		
404-2 Programs for upgrading employee skills and transition assistance programs	Society/Evolving the Workplace	45
401-1 New Employee Hires and Employee turnover	Xerox 2019 CSR Progress Summary & Goals	17-18
Employee Health & Safety		
403-2 Types of injuries and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities	Xerox 2019 CSR Progress Summary & Goals Evolving the Workplace/Health, Wellness & Safety	19-20 46-49
Supply Chain Management		
308-1 New suppliers screened using environmental criteria	Xerox 2019 CSR Progress Summary & Goals	21
308-2 Negative environmental impacts in supply chain and actions taken	Xerox 2019 CSR Progress Summary & Goals	21
414-1 New suppliers screened using social criteria	Xerox 2019 CSR Progress Summary & Goals	21
414-2 Negative social impacts in supply chain & actions taken	Society/Supplier Relations	56-60
409-1 Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor	Society/Supplier Relations	56-60
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Society/Supplier Relations	56-60
409-1Operations and suppliers at significant risk for incidents of forced or compulsory labor	Society/Supplier Relations	56-60
414-1 New suppliers that were screened using social criteria	Xerox 2019 CSR Progress Summary & Goals	21
414-2 Negative social impacts in the supply chain and actions taken	Society/Supplier Relations	59-60
Facility Energy Management		
302-1 Energy consumption within the organization	Xerox 2019 CSR Progress Summary & Goals Responsible Operations	8 13-14
302-2 Energy Consumption outside the organization	Xerox 2019 CSR Progress Summary & Goals Responsible Operations	8 13-14
302-3 Energy intensity	Xerox 2019 CSR Progress Summary & Goals Responsible Operations	8 13-14
302-4 Reduction of energy consumption	Xerox 2019 CSR Progress Summary & Goals Responsible Operations	8 13-14
302-5 Reduction in energy requirement of products and services	Environment/Innovative and Sustainable Products and Solutions	3-5
Water		
303-1 Water withdrawn by source	Xerox 2019 CSR Progress Summary & Goals	11
303-3 Water recycled and reused	Xerox 2019 CSR Progress Summary & Goals	11

Green House Gases		
305-1 Direct (Scope 1) GHG emissions	Xerox 2019 CSR Progress Summary & Goals Responsible Operations	6 14-15
305-2 Energy indirect (Scope 2) GHG emissions	Xerox 2019 CSR Progress Summary & Goals Responsible Operations	7 14-15
305-3 Other indirect (Scope 3) GHG emissions	Xerox 2019 CSR Progress Summary & Goals Responsible Operations	7 15
305-4 GHG emissions intensity	Xerox 2019 CSR Progress Summary & Goals Responsible Operations	7 10-12
305-5 Reduction of GHG emissions	Xerox 2019 CSR Progress Summary & Goals Responsible Operations	7 14-15
Air Emissions other than GHGs		
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Xerox 2019 CSR Progress Summary & Goals	10
Waste		
306-2 Waste by Type & Disposal Method	Xerox 2019 CSR Progress Summary & Goals Environment/Responsible Operations	8-9 19-20
Disclosure 306-3 Significant spills	Environment/Responsible Operations	17
Disclosure 306-4 Transport of hazardous waste	Environment/Responsible Operations	19
Compliance		
307-1 Non-compliance with environmental laws and regulations	Environment/Responsible Operations	19
417-2 Incidents of non-compliance concerning product and service information and labeling	Xerox 2019 CSR Progress Summary & Goals	14
Community Involvement		
413-1 Operations with local community engagement, impact assessments, and development programs	Society/Xerox Philanthropy	38-39
Public Policy		
415-1 Political contributions	Leadership/Doing Good Business	34
Privacy		
Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Society/Putting Clients First	55
Labor Relations		
403-1 Workers representation in formal joint management–worker health and safety committees	Society/Employee Rights	50
Employee H & S		
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Xerox 2019 CSR Progress Summary & Goals Society/Health, Wellness and Safety	19 48-47
Employee Development		
404-2 Programs for upgrading employee skills and transition assistance programs	Society/ Evolving the Workplace	44-45
Diversity		
204 Procurement Practices	Xerox 2019 CSR Progress Summary & Goals	21
405-1 Diversity of governance bodies and employees	Society/ Evolving the Workplace	43-44