



2016 Global Citizenship Report



OUR COMMITMENT

CEO Letter

Message from Ursula Burns, Chairman and Chief Executive Officer

Dear Stakeholders:

At Xerox, global citizenship is wired into everything we do.

From our earliest days, we have believed that a successful company should provide both business and social benefits.

That thinking has led us to consider human, economic and environmental impacts as we develop products, services and solutions, manage our operations, drive innovation, engage with our customers, partners and shareholders, and care for our employees and communities. It also influences how we hold ourselves to the highest standards of integrity, ethics, diversity and accountability.

As you explore this year's Global Citizenship Report, you will see many examples of how we translate that commitment and passion into our operations, products and programs. These achievements would not be possible without the dedication of our global team members who deliver outstanding service to our customers, while supporting the communities we serve.

We are proud of the positive effects of our citizenship efforts, and we are even more excited for the possibilities ahead as we separate into two market-leading companies — Xerox and Conduent Incorporated. Citizenship will continue to be integral to both companies. Each will carry forward our values and culture, including a steadfast commitment to integrity, innovation, sustainability and community.

We look forward to keeping you apprised of our progress as we work to better the world around us.

OUR COMMITMENT

Company Profile

Xerox is helping change the way the world works. By applying our expertise in imaging, business processes, analytics, automation and user-centric insights, we engineer the flow of work to provide greater productivity, efficiency and personalization. Our employees create meaningful innovations and provide business process services, printing equipment, software and solutions that make a real difference for our clients and their customers in 180 countries. On January 29, 2016, Xerox announced that it plans to separate into two independent, publicly-traded companies: a business process services company, which will be called Conduent, and a document management and document outsourcing company, which will retain the name Xerox. The company expects to complete the separation by year-end 2016. Learn more at www.xerox.com.

For Us, Global Is Local



Our Values

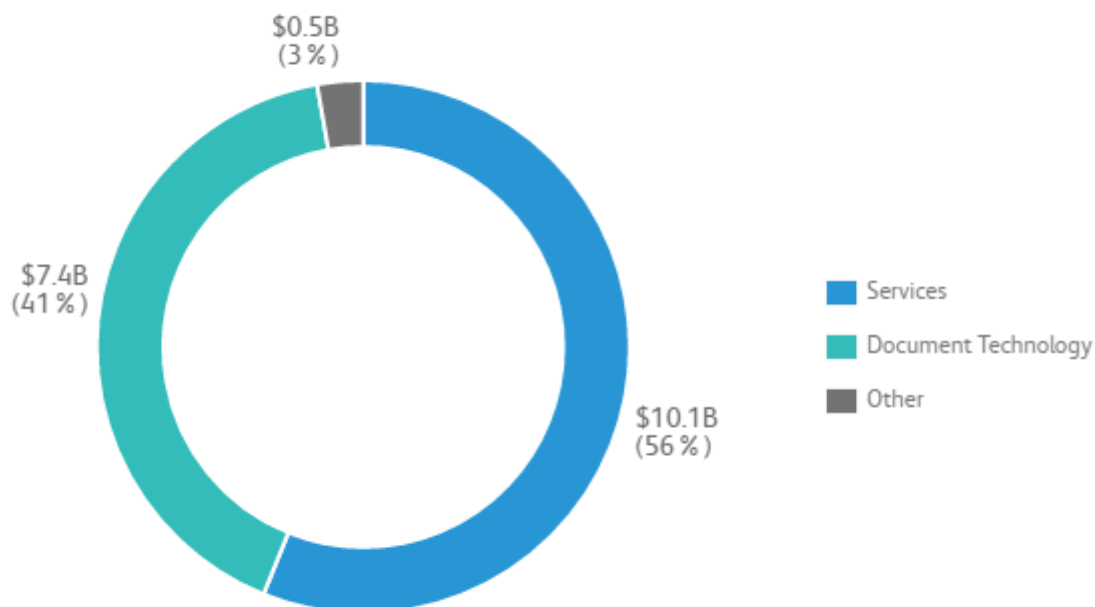
Since our inception, we have operated under the guidance of six core values:

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

Major Business Segments

Services and Document Technology represent our two main business segments. We report our financial results through these two segments, plus a third smaller segment, Other.

2015 Revenue by Segment (\$ Billions)



Detailed financial information for operating segments is presented in our quarterly and annual reports available at www.xerox.com/annualreports.

Services

Rapid innovation in the global economy has made business processes increasingly sophisticated and challenging to maintain. By outsourcing these functions to us, our customers can better keep pace with advances in technology while reducing costs and allocating resources to their core operations. Our Services segment comprises two types of offerings: Business Process Outsourcing (BPO) and Document Outsourcing (DO).

Document Technology

We sell Document Technology products and supplies as well as provide technical service and financing for our products. Our Document Technology business centers on strategic product groups that share common technology, manufacturing and product platforms. The strategic product groups are Entry, Mid-Range and High-End.

What We Offer: Services

We provide the industry's broadest portfolio of business process and document management solutions.

Business Process Outsourcing

We are a leading enterprise for Business Process Outsourcing (BPO), with expertise in managing transaction-intensive processes. Our BPO business includes services that support enterprises through multi-industry offerings such as customer care, transaction processing, finance and accounting, and human resources, as well as industry-focused offerings in areas such as healthcare, transportation, financial services, retail and telecommunications.

- To enable deep client engagement and to optimize cross-selling of our broad portfolio of services solutions, we have organized our go-to-market resources into global industry business groups. The industry groups have primary responsibility for client relationships and sales, developing industry thought leadership and industry specific solutions, and ensuring service delivery meets client requirements. The industry business groups in 2015 were as follows:
 - Commercial Healthcare
 - Commercial Industries – High Tech and Communications, Financial Services, and Industrial, Retail and Hospitality
 - Public Sector
- To leverage our global scale and ensure service delivery excellence across our BPO offerings, we have organized our delivery resources into global capability groups. 2015 global capability groups were as follows:
 - Customer Care
 - Transaction Processing
 - Human Resources Services
 - Finance and Accounting
 - Communication and Marketing Services
 - Consulting and Analytics Services

Document Outsourcing

We are an industry leader in document outsourcing services, with more than 20 years of experience and 15,000 business professionals. We help companies optimize their printing infrastructure, simplify their communications and business processes, grow revenue, reduce costs and operate more efficiently.

Our primary offerings within Document Outsourcing are Managed Print Services and Centralized Print Services.

- **Managed Print Services (MPS):** We help large global enterprises and small- and mid-size businesses cut costs, increase productivity and meet their environmental sustainability goals while supporting their mobile and security needs. We provide a roadmap to help customers manage their information today and identify opportunities for continuous innovation. We are recognized as an industry leader by several major analyst firms, including Gartner, IDC, Quocirca and Forrester.
- **Centralized Print Services (CPS):** As a world leader in CPS, we work with customers to establish a common understanding of their business needs. We address the operational and financial aspects of their business and create a document production service that supports revenue growth. Our main offerings include the following:
 - On-site print center support (on-demand printing and copying)
 - Transactional printing
 - Complete finishing
 - Track and trace
 - Global governance and mainframe production printing
 - External print procurement
 - Mail and distribution
 - Creative and design
 - Cross-media and e-publishing

What We Offer: Document Technology

For the Workplace

We provide solutions for workplaces and offices, large and small, through a broad array of document devices:

- Multifunction systems, in color and black and white, that combine printing, copying, faxing and scanning
- Color network printers, solid ink and laser
- Xerox ConnectKey®, which is a software system and set of solutions embedded in many of our multifunction printers
- Mobile offerings that make it easier for office workers to print from anywhere, at any time
- Document scanners and other computer peripherals to increase workplace efficiency

For Production Print Environments

We pioneered the on-demand printing industry with digital production publishing and have supported its evolution through continual innovation. Books can now be printed for one or for thousands, and marketing materials can be customized for each and every prospect.

For the graphic arts, marketing and production environments, we offer these printing systems and services:

- Digital and inkjet printers and presses, both color and black and white, and solid ink and aqueous
- Continuous-feed printers
- Tools to help develop and grow a profitable digital print business
- Solutions for short-run book publishing, on-demand documents, transactional applications, cross-media customized campaigns and more
- Workflow software to simplify how print jobs are created and managed

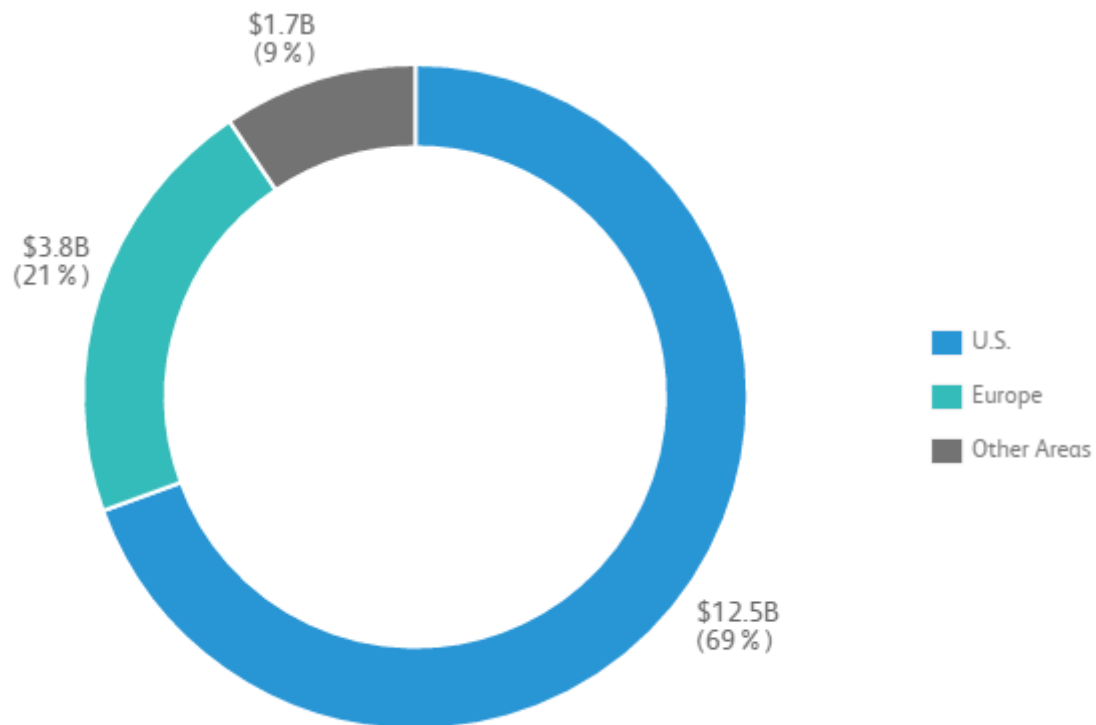
Research and Development

We lead the industry through innovation. Together with Fuji Xerox, our joint venture, we invested more than \$1.1 billion in research, development and engineering in 2015. With R&D centers in the U.S., Canada, Europe and India, we hold approximately 12,500 active U.S. design and utility patents. Our investments in innovation align with our growth opportunities in areas such as business process services, color printing and customized communications.

Xerox Around the World

Xerox customers include small and mid-size businesses, graphic communications companies, government entities, educational institutions, Fortune 1000 companies and firms in key verticals such as healthcare, financial services, retail, technology and telecommunications, and transportation. Xerox offerings are sold through our worldwide sales force, a network of independent agents and concessionaires, dealers, value-added resellers and systems integrators, the Internet, and Global Imaging Systems, a wholly owned subsidiary of Xerox.

2015 Revenue by Geography (\$ Billions)



2015 Revenue: \$18.0 billion

2015 Net Income from Continuing Operations: \$552 million

Employees: More than 130,000 worldwide

Doing Business in: 180 countries

Founded: In 1906 as The Haloid Company; named Haloid Xerox in 1958; named Xerox Corporation in 1961

Fortune 500 Ranking: No. 150

NYSE: XRX

Headquarters: Norwalk, Connecticut, U.S.A.

800-ASK-XEROX

www.xerox.com

OUR COMMITMENT

Our Stakeholders

Together with our customers, partners and communities, we help solve some of society's toughest challenges. The following stakeholder engagements are a few of the ways we deliver on our commitment.

Focus — Our World: Public Policy Makers and Influencers

How We Engage

- Through active memberships with business and trade associations and frequent engagement with public policy makers, Xerox helps to educate on key issues related to our business, industry and stakeholders

Examples

- Xerox CEO Ursula Burns serves on the board for President Obama's initiative, Change the Equation, which focuses on increasing the number of minority and female students engaged in STEM, a national program aimed at honing students' skills in science, technology, engineering and math (STEM). The initiative is expected to help the U.S. sharpen its competitive edge in innovation.
- Xerox CEO Ursula Burns serves as chair of the President's Export Council, aimed at helping American businesses export more products, thereby helping the economy and creating jobs.
- Xerox executives serve on a variety of university and non-profit boards helping set strategy, define policy and engage in public advocacy.

Focus — Our Communities

How We Engage

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

Examples

- Canadian employees geared up and played hockey in support of the "Hockey for Heart" tournament. The Xerox team effort raised awareness and \$52,000 for the Heart & Stroke foundation.
- During the holiday season, Xerox employees in Monroe County, New York, donated more than 1,500 gifts as part of the 17th Annual Angel Tree program. The gifts were distributed directly to 639 disadvantaged children and adults through three non-profit agencies.

Focus — Our People

How We Engage

- Voice of the Employee Survey
- Ethics hotline
- Open-door policy
- Global webcasts
- Town hall meetings
- Employee roundtables
- Internal social networks, including our intranet
- Enterprise-wide learning and career-management tools
- Leader-led performance enabling processes, communications, conversations and tools
- Leadership development

Examples

- In 2015, CEO Ursula Burns conducted eight country visits, 18 employee roundtables, 16 employee town halls and four all-hands employee WebChats.
- Global Talent@Xerox provides employees with tools to manage their performance and development. Its sister application, Global Careers@Xerox, provides visibility to our internal talent pool and current job openings.
- Yammer, a private microblogging network, allows our employees to connect and collaborate with their colleagues in open or private groups. Since launch, nearly 25,000 employees have joined the network.
- During 2015, 1.2 million learning assets were accessed through Learning@Xerox by our employees and partners. Xerox employees and authorized partners have round-the-clock access to a collection of approximately 750,000 learning resources, including videos, online classes and digitized books. XstreamVideo, our video-sharing platform, contains more than 11,000 videos created by Xerox employees which increase workforce engagement, allow our people to identify and promote innovative solutions and accelerate the adoption of successful business strategies.
- Xerox provides learning portals with curated resources targeted to specific employee population needs. Each portal is aligned to our workforce development strategy. In early 2016 we launched Leading@Xerox, an enterprise gateway to enable the targeted development of leaders at all levels. Leading@Xerox provides a carefully selected collection of internal and external learning resources, including videos, courses, books, and audio books for each level of leadership.
- Strategic Xerox senior leader-led development forums and mentoring programs that provide opportunities for Xerox employees to improve their management and leadership capabilities to transition into higher-level leadership roles.

Focus — Our Customers

How We Engage

- Customer Satisfaction System: real-time customer feedback in a closed-loop process
- Customer Relationship Surveys
- Xerox Customer Community and Forum
- Our own blogs and all major social media platforms
- Customer personalized portal offering
- Xerox Corporate Focus Executive Program
- Customer Care Officer of the Day
- Open Xerox website

Examples

- Customer Service is social with Social Support offerings enhancing the online support experience. The Customer Support forum provides a peer-to-peer environment for customers and other industry professionals to post and respond to discussion threads about Xerox equipment and software. With thousands of registered members and more than half a million message views per month, customers have the opportunity to resolve printing issues and participate in conversations about Xerox products in a 24/7 online community. Customers can read and provide ratings for our products on our website.
- Open Xerox is a website to encourage customers to play a part in the exploratory research that serves as a source for new products, applications and services. This online technology portal provides instant access to the latest Xerox innovations and allows anyone to test pilot technology and provide feedback directly to lab scientists and engineers.
- We've hosted dozens of sustainability forums with customers, sharing best sustainability practices and encouraging customers to reduce their environmental footprint.

Focus — Our Suppliers

How We Engage

- Routine business reviews with key suppliers

- Assess supplier performance against the Electronic Industry Citizenship Coalition (EICC) code of conduct
- Annual communication of Xerox supplier code of conduct to supplier base
- Xerox purchasing staff located in regions where suppliers are located
- Inclusion of small and diverse businesses through our Supplier Diversity Program

Examples

- Achieved the Chartered Institute of Procurement and Supply Platinum Certification globally.
- Xerox holds executive sponsored reviews with key suppliers quarterly or semi-annually.
- Since 2010, Xerox has conducted over 300 compliance reviews and audits with Xerox Suppliers to ensure compliance with the EICC Code of Conduct.
- A letter is sent annually to all active suppliers reiterating our Code of Conduct.
- Approximately 80 purchasing employees are based in Asia and 45 employees in other developing markets.
- Xerox is a corporate member of the National Minority Supplier Development Council and the Women's Business Enterprise National Council. Xerox spent over \$1 billion with U.S. Tier 1 diverse and small businesses in 2014.

Focus — Our Shareholders

How We Engage

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

Examples

- Around 80 institutional investors, analysts and investment bankers participated in the company's annual investor conference in New York City and over 100 watched via live webcast.
- Xerox executives spoke with investors/analysts through approximately 350 one-on-one meetings and phone calls.
- Investors and analysts met with Xerox leaders at the Graph Expo trade show in Chicago.
- Xerox conducted two audio calls specific to Managed Print Services and Private Healthcare Exchange business.
- Xerox hosted approximately 60 small group meetings with current and potential investors in major markets, including Atlanta, Baltimore, Boston, Chicago, Dallas, Denver, Kansas City, London, Los Angeles, Minneapolis, Montreal, New York, San Francisco, Toronto and Zurich.

OUR COMMITMENT

How We Report

This report describes Xerox's global principles, policies and programs through September 2016, unless otherwise noted. It provides in-depth information in broad areas of corporate social responsibility, including governance and ethics, customer privacy and satisfaction, employee diversity and development, environmental initiatives, corporate donations and volunteerism, and much more.

We report yearly on our progress, including changes to our business and emerging issues. This report was prepared using the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines and contains Standard Disclosures. A table linking the content of this report to the GRI G4 Standard Disclosures can be [found here](#). Third party assurance was received for the energy and GHG emission data in this report.

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 performance data, however, do not always cover all of our operations. Where appropriate, we identify operations excluded from specific disclosures. Environmental data in this report that is normalized to our financial performance utilizes company revenues as reported using Generally Accepted Accounting Principles (GAAP). Fuji Xerox publishes its own citizenship report. Information about GRI is available at www.globalreporting.org.

OUR COMMITMENT

Materiality

In 2016, we updated our materiality matrix to align with Global Reporting Initiative (GRI) G4 Guidelines, company strategy and stakeholder feedback. We examined changing external factors including regulations and standards, social challenges people face around the world, our evolving business model, and the environmental impact of our products, services, processes and operations. Our assessment included an array of fact-finding forums including interviews and workshops with internal stakeholders and Xerox leaders. We reflected on discussions with external stakeholders as well as feedback from our employees and concluded:

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

With these findings, we updated Corporate Social Responsibility (CSR) goals and priorities, further defined our governance structure and reaffirmed the importance of our partnerships with non-government organizations, customers, academia and regulatory agencies. Our Code of Conduct covering Human Rights, Ethics and Sustainability continues to be the foundation of our management approach to which we hold our employees and global suppliers accountable.

The following schematic summarizes the results of our materiality assessment:

Xerox Material Aspects

Economic	Environmental	Social
Market Presence	Sustainable Products	Public Policy
Risk Management	Sustainable Services	Local Communities
Economic Performance	Customer Health & Safety	Ethics
Indirect Economic Impact	Energy/GHG Emissions	Data/Customer Privacy
Employment		Customer Satisfaction
Supply Chain		Diversity/Non-Discrimination
		Innovation

OUR COMMITMENT

GRI Guidelines

Xerox relies on the Global Reporting Initiative (GRI) G4 Sustainability Guidelines to determine the content and performance metrics for key sections of this report. A table linking the content of this report to the Standard Disclosures from the GRI follows. Information about GRI is available at www.globalreporting.org.







This report is prepared 'in accordance' with core reporting criteria.













indicates full disclosure




indicates partial disclosure






Standard Disclosure	Description	Reported	Location
GENERAL STANDARD DISCLOSURES			
Strategy and Analysis			
G4-1	CEO statement on sustainability		CEO Letter
G4-2	Description of key impacts, risks and opportunities		CEO Letter , Our Progress , Risk Management , Preserving the Planet
Organizational Profile			
G4-3	Name of the organization		CEO Letter
G4-4	Primary brands, products and/or services		Company Profile
G4-5	Location of organization's headquarters		Company Profile
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report		Company Profile

G4-7	Nature of ownership and legal form		Xerox is a corporation organized and incorporated under the laws of the State of New York. Xerox stock is publicly traded on the New York Stock Exchange
G4-8	Markets served		Company Profile , 2015 Annual Report
G4-9	Scale of the organization		Company Profile
G4-10	Total number of employees by employment contract and gender; permanent employees by employment type and gender; total workforce by employees, supervised workers and by gender; total workforce by region and gender		Global Workforce
G4-11	Percentage of total employees covered by collective bargaining agreements		Employee Rights
G4-12	Description of organization's supply chain		Supplier Relations
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership or supply chain		2015 Annual Report , page 67
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization		Risk Management , Sustainable Services and Products
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses		Our Stakeholders , Human Rights , Supplier Relations , Ethics and Integrity , Preserving the Planet
G4-16	List of memberships of associations and national or international advocacy organizations in which the organization is involved		Human Rights , Public Policy Engagement , Preserving the Planet
Identified Material Aspects and Boundaries			
G4-17	Entities included in the organization's consolidated financial statements, and whether any of these are not covered in the report		2015 Annual Report , Consolidated Financial Statements, page 67




G4-18	Process for defining report content and aspect boundaries, and how the organization implemented the Reporting Principles for Defining Report Content		<u>How We Report, Our Stakeholders, Materiality</u>
G4-19	Identified material Aspects		<u>Materiality</u>
G4-20	For each material Aspect, the Aspect Boundary within the organization		<u>Materiality</u> , Throughout this report
G4-21	For each material Aspect, the Aspect Boundary outside the organization		Throughout this report
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements		<u>Preserving the Planet</u>
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries		<u>2015 Annual Report</u> , page 6
Stakeholder Engagement			
G4-24	Stakeholder groups engaged by the organization		<u>Our Stakeholders, Supplier Relations, Ethics and Integrity, Investor Relations, Putting Customers First, Preserving the Planet, Employee Engagement, The Xerox Foundation</u>
G4-25	Basis for identification and selection of stakeholders with whom to engage		<u>Our Stakeholders</u>
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group		<u>Our Stakeholders, Supplier Relations, Ethics and Integrity, Investor Relations, Putting Customers First, Preserving the Planet, Employee Engagement, The Xerox Foundation</u>










G4-27	Key topics and concerns raised through stakeholder engagement, and the organization's response		<u>Materiality, Our Stakeholders, Investor Relations, Putting Customers First, Preserving the Planet, Employee Engagement, The Xerox Foundation</u>
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Report Profile

G4-28	Reporting period		<u>How We Report</u>
G4-29	Date of most recent previous report		<u>How We Report</u>
G4-30	Reporting cycle		<u>How We Report</u>
G4-31	Contact point for questions regarding report		<u>Citizenship Contact</u>
G4-32	GRI index		<u>GRI G4 Guidelines</u> . This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines
G4-33	Policy and current practice with regard to seeking external assurance for the report		<u>How We Report</u>













Governance











G4-34	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight		<u>Governance</u>
G4-35	Process for delegating authority for economic, environmental and social topics, from the highest governance body to senior executives and other employees		<u>Governance, Environmental Leadership</u>
G4-36	Report whether the organization has appointed an executive-level position(s) with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body		<u>Governance, Environmental Leadership</u>












G4-37	Process for consultation between stakeholders and the highest governance body on economic, environmental and social topics		<u>Governance</u> , <u>Employee</u> <u>Engagement</u>
G4-38	Composition of the highest governance body and its committees		<u>Governance</u>
G4-39	Whether the Chair of the highest governance body is also an executive officer		<u>Governance</u>
G4-40	Nomination and selection process for highest governance body and its committees, and criteria used for nominating and selecting highest governance body members		<u>Governance</u>
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed		<u>Governance</u>
G4-42	Report highest governance body's and senior executives' roles in the development, approval and updating of the organization's purpose, value or mission statements, strategies, policies and goals related to economic, environmental and social impacts		<u>Governance</u>
G4-43	Measures taken to develop the highest governance body's collection of knowledge of economic, environmental and social topics		<u>Governance</u>
G4-44	Processes for evaluation of highest governance body's performance with respect to governance of economic, environmental and social topics; whether evaluation is independent, evaluation frequency, whether such evaluation is a self-assessment; actions taken in response to evaluation of the highest governance body's performance including, as a minimum, changes in membership and organizational practice		<u>Governance</u> (Self-evaluation by the Board)
G4-45	Highest governance body's role in identification and management of economic, environmental and social impacts, risks and opportunities		<u>Governance</u> , <u>Risk</u> <u>Management</u>
G4-46	Highest governance body's role in reviewing effectiveness of the organization's risk management processes for economic, environmental and social topics		<u>Governance</u> , <u>Risk</u> <u>Management</u>

G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities		<u>Governance, Risk Management</u>
G4-48	Highest committee or position that formally reviews and approves organization's sustainability report and ensures that all material aspects are covered		<u>Governance</u>
G4-49	Process for communicating critical concerns to the highest governance body		<u>Governance, Employee Engagement</u>
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them		<u>Ethics and Integrity, Risk Management</u>
G4-51	Remuneration policies for the highest governance body and senior executives and relation to economic, environmental and social objectives		<u>Governance</u>
G4-52	Process for determining remuneration; whether remuneration consultants are involved in determining remuneration and whether they are independent of management		<u>Governance</u>
G4-53	How stakeholders' views are sought and taken into account regarding remuneration, including results of votes on remuneration policies and proposals		<u>Governance, Employee Engagement</u>
Ethics and Integrity			
G4-56	Organization's values, principles, standards and norms of behavior, such as codes of conduct and codes of ethics		<u>Company Profile, Ethics and Integrity, Human Rights, Preserving the Planet</u>
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior		<u>Ethics and Integrity</u>
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior		<u>Ethics and Integrity</u>
ECONOMIC DISCLOSURES			
G4-DMA	Disclosures on Management Approach (DMA)		<u>Company Profile, CEO Letter, 2015 Annual Report</u>


Economic Performance

G4-EC1	Direct economic value generated and distributed		Company Profile, The Xerox Foundation, 2015 Annual Report
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change		Preserving the Planet, Carbon Disclosure Project
G4-EC3	Coverage of the organization's defined benefit plan obligations		2015 Annual Report, page 30
G4-EC4	Financial assistance received from government		SEC 10K 2016 filing, page 117
Indirect Economic Impacts			
G4-EC7	Development and impact of infrastructure investments and services supported		The Xerox Foundation
G4-EC8	Significant indirect economic impacts, including the extent of impacts		The Xerox Foundation
Procurement Practices			
G4-EC9	Proportion of spending on local suppliers at significant locations of operation		Supplier Relations
SOCIAL DISCLOSURES RELATED TO LABOR PRACTICES AND DECENT WORK			
G4-DMA	Disclosures on Management Approach (DMA)		Evolving the Workplace
Aspect: Employment			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region		Global Workforce
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		Compensation and Benefits
G4-LA3	Return to work and retention rates after parental leave, by gender		Compensation and Benefits
Aspect: Labor/Management Relations			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements		Employee Rights
Aspect: Occupational Health and Safety			


G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender		<u>Health, Wellness and Safety, Our Progress</u>
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation		<u>Safe Services and Products</u>
Aspect: Training and Education			
G4-LA9	Average hours of training per year per employee, by gender and by employee category		<u>Talent Management and Workforce Development</u>
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		<u>Talent Management and Workforce Development</u>
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category		<u>Talent Management and Workforce Development</u>
Aspect: Diversity and Equal Opportunity			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity		<u>Diversity and Inclusion</u>
Aspect: Supplier Assessment for Labor Practices			
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria		<u>Supplier Relations</u>
Aspect: Labor Practices Grievance Mechanisms			
G4-LA16	Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms		<u>Employee Rights</u>
SOCIAL DISCLOSURES RELATED TO HUMAN RIGHTS			
G4-DMA	Disclosures on Management Approach (DMA)		<u>Human Rights, Ethics and Integrity, Supplier Relations</u>
Aspect: Investment			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		<u>Supplier Relations</u>

G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		Ethics and Integrity
Aspect: Non-discrimination			
G4-HR3	Total number of incidents of discrimination and corrective actions taken		Ethics and Integrity
Aspect: Security Practices			
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations		Ethics and Integrity
Aspect: Supplier Human Rights Assessment			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria		Supplier Relations
SOCIAL DISCLOSURES RELATED TO SOCIETY			
G4-DMA	Disclosures on Management Approach (DMA)		Ethics and Integrity , Public Policy Engagement
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs		The Xerox Foundation
Aspect: Anti-corruption			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified		Ethics and Integrity
G4-SO4	Communication and training on anti-corruption policies and procedures		Ethics and Integrity
G4-SO5	Confirmed incidents of corruption and actions taken		Ethics and Integrity
Aspect: Public Policy			
G4-SO6	Total value of political contributions by country and recipient/beneficiary		Public Policy Engagement
Aspect: Anti-competitive Behavior			
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes		2015 Annual Report , Note 18 of the Consolidated Financial Statement, page 115


Aspect: Compliance


G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		<u>Goals and Progress</u>
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Aspect: Supplier Assessment for Impacts on Society

G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society		<u>Supplier Relations</u>
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SOCIAL DISCLOSURES RELATED TO PRODUCT RESPONSIBILITY


G4-DMA	Disclosures on Management Approach (DMA)		<u>Putting Customers First</u>
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G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement		<u>Safe Services and Products</u>
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G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes		<u>Goals and Progress</u>
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Aspect: Product and Service Labeling


G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements		<u>Safe Services and Products</u>
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G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		<u>Sustainable Services and Products, Safe Services and Products</u>
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G4-PR5	Results of surveys measuring customer satisfaction		<u>Customer Satisfaction</u>
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Aspect: Marketing Communications


G4-PR6	Sale of banned or disputed products		<u>Sustainable Services and Products, Safe Services and Products</u>
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G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes		There were no incidents of non-compliance
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Aspect: Compliance


G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		<u>Goals and Progress</u>
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ENVIRONMENTAL DISCLOSURES


G4-DMA	Disclosures on Management Approach (DMA)		<u>Preserving the Planet</u>
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Energy


G4-EN3	Energy consumption within the organization		<u>Goals and Progress, Responsible Operations</u>
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G4-EN4	Energy consumption outside of the organization		<u>Sustainable Services and Products</u>
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G4-EN6	Reduction of energy consumption		<u>Goals and Progress, Responsible Operations</u>
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G4-EN7	Reductions in energy requirements of products and services		<u>Goals and Progress, Sustainable Services and Products</u>
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Water


G4-EN8	Total water withdrawal by source		<u>Goals and Progress, Responsible Operations</u>
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Biodiversity











G4-EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		<u>Sustainable Services and Products</u>
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Emissions

G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)		<u>Goals and Progress, Responsible Operations</u>
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G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)		<u>Goals and Progress, Responsible Operations</u>
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G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)		<u>Goals and Progress, Responsible Operations</u>
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G4-EN19	Reduction of greenhouse gas (GHG) emissions		<u>Goals and Progress,</u> <u>Responsible</u> <u>Operations</u>
G4-EN20	Emissions of ozone-depleting substances (ODS)		<u>Responsible</u> <u>Operations</u>
G4-EN21	NOx, SOx and other significant air emissions		<u>Goals and Progress,</u> <u>Responsible</u> <u>Operations</u>
Effluents and Waste			
G4-EN22	Total water discharge by quality and destination		<u>Goals and Progress</u>
G4-EN23	Total weight of waste by type and disposal method		<u>Goals and Progress,</u> <u>Responsible</u> <u>Operations</u>
G4-EN24	Total number and volume of significant spills		<u>Goals and Progress,</u> <u>Responsible</u> <u>Operations</u>
Products and Services			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services		<u>Sustainable Services</u> <u>and Products</u>
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category		<u>Sustainable Services</u> <u>and Products</u>
Compliance			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		<u>Goals and Progress</u>
Supplier Environmental Assessment			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria		<u>Supplier Relations</u>

OUR COMMITMENT

Citizenship Contact

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

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Norwalk, CT 06856-4505

United States

203.968.3000

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Services: <https://www.xerox.com/en-us/services>

800.ASK.XEROX (800.275.9376)

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Global Diversity and Inclusion Programs and EEO-1 Reports

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Minority and Women Owned Business Suppliers

www.xerox.com/supplierdiversity

Ethics Helpline

North America: 866.XRX.0001

International numbers and online submission tool

www.xerox.com/ethics

Environment, Health, Safety and Sustainability

www.xerox.com/environment

Governance

www.xerox.com/governance

Students and Educators

View openings/internships and apply: www.xerox.com/careers

Request classroom donations: www.xerox.com/foundation

All other questions: StudentTeacherRequests@xerox.com

Xerox Innovation

www.xerox.com/innovation

Comment on this Report

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PRESERVING THE PLANET

Goals and Progress

Through our people, innovation and partnerships, we create solutions that reduce environmental impact and expand opportunities. We have conducted a comprehensive review of the environmental impact of our company and have identified four strategic commitment areas where we can make a significant positive impact:

1. Reducing Energy Use and Protecting the Climate

We invest in technologies that reduce the carbon footprint of our operations and offer solutions to our customers that reduce energy use, cost and waste.

2. Preserving the World's Forests and Biodiversity

Xerox works with partners to advance a sustainable paper cycle through environmentally sound paper offerings, advances in forest management standards, and products and services that reduce offices' dependency on paper.

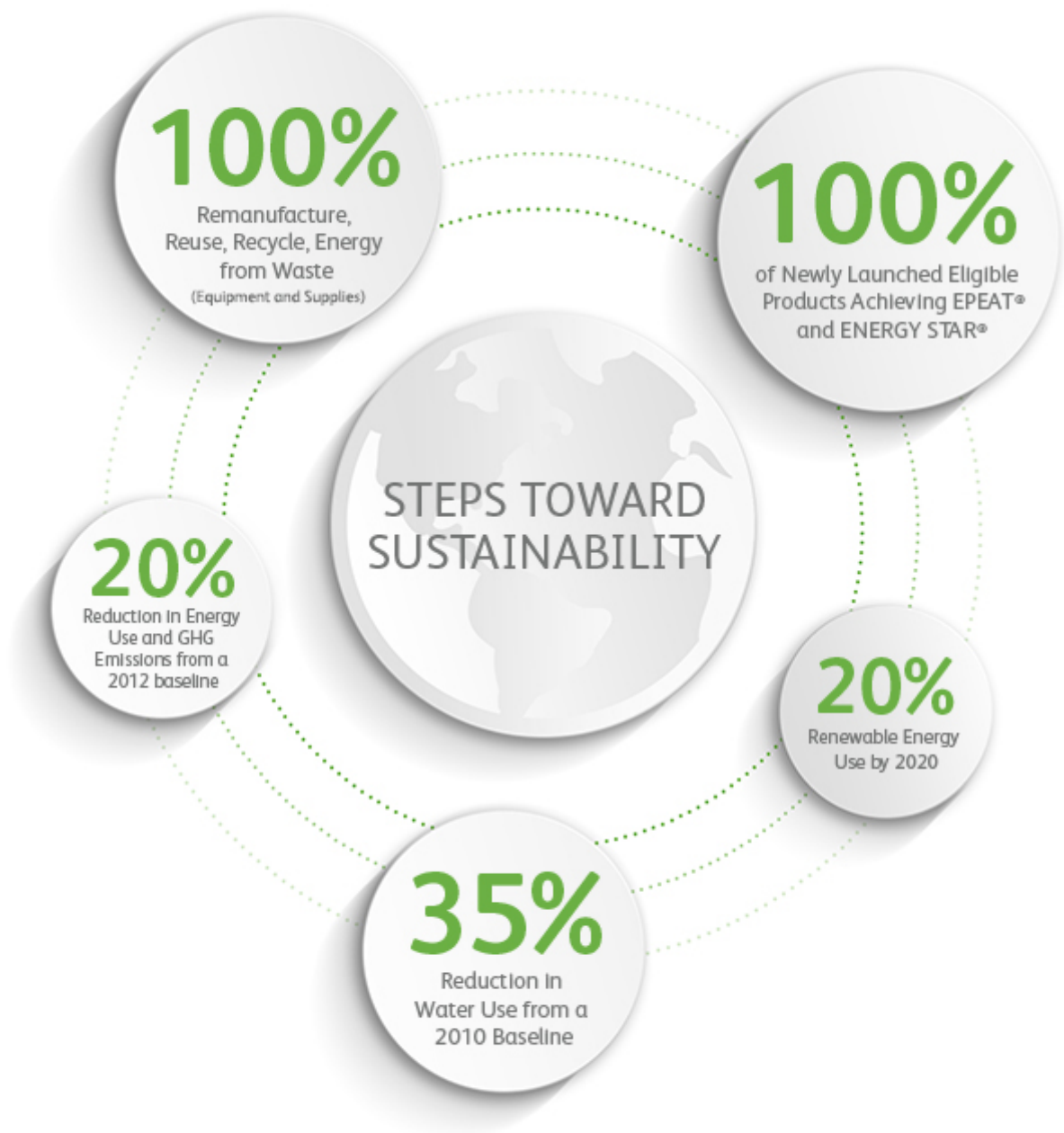
3. Preserving Clean Air and Water

We work to eliminate the use of persistent, bioaccumulative and toxic materials throughout the supply chain. We look for ways to use water efficiently and to avoid the release of hazardous air emissions from our products and facilities worldwide.

4. Preventing and Managing Waste

Our goal is to produce waste-free products and services for our customers and operate waste-free facilities across our real estate portfolio and within our customers' workplaces.

Our 2020 Goals



Performance Reporting

The following table summarizes our key environmental and safety performance indicators, including our goals and performance over the past five years. Additional detail is included in the corresponding sections of this report.

Xerox 2015 Environmental Sustainability and Safety Performance

* Indicates Goal Achievement in Current Reporting Year
Units in 1,000 metric tons unless otherwise indicated.

PRODUCTS		Goal	2011	2012	2013	2014	2015
Eco-labels							
% newly launched eligible products achieving EPEAT®		100 %			100 % *	100 % *	100 % *
% of newly launched eligible products achieving ENERGY STAR®		100 %	100 %	100 % *	100 % *	100 % *	100 % *
End-of-Life Management ¹							
Equipment and Parts							
% Remanufacture, Reuse, Recycle, Energy from Waste		100 %	98.6 %	99.7 %	99.4 %	95.6 %	100 %
Volume Remanufacture / Reuse, Recycle, Energy from Waste			43	38	34.0	34.6	43.1
Volume Used Equipment Sold			NA	0.2	5.4	6.2	7.6
Volume Remanufacture / Reuse			8	5	2.0	1.7	3.5
Volume Material Recycling			33	32	24.6	25.2	27.3
Volume Energy from Waste			2	1	2	1.5	4.7
Volume Landfill			0.6	0.1	0.2	1.4	<0.1
Volume Incineration			0	0	0	0.2	0
Total Volume Waste - Equipment and Parts			44	38	34.2	36.2	43.1
Supplies ²							
% Remanufacture, Reuse, Recycle, Energy from Waste		100 %	95 %	95 %	97 %	97 %	98 %
Volume Remanufacture / Reuse, Recycle, Energy from Waste			3.5	4.0	3.6	3.7	4.3
Volume Remanufacture / Reuse			3.3	3.7	3.28	3.14	3.3
Volume Recycle			0.1	0.1	0.3	0.4	1
Volume Energy from Waste			0.1	0.2	0.04	0.2	<0.1
Volume Landfill			0.2	0.2	0.1	0.1	0.1
Volume Incineration			0	0	0	0	0
Total Volume Waste - Supplies			3.7	4.2	3.7	3.8	4.4
OPERATIONS / SERVICES		Goal	2011	2012	2013	2014	2015
ENERGY / GHGs ³			Reduction from 2002 Baseline		Reduction from 2012 Baseline		
% Reduction Energy Use from Baseline (Scope 1 and 2)		20 % reduction by 2020 with a new baseline established in 2012	27 %	33 %	5 %	11 %	12 %
% Reduction GHG Emissions from Baseline (Scope 1 and 2)		20 % reduction by 2020 with a new baseline established in 2012	36 %	42 %	4 %	9 %	20 %
Scope 1 (Direct) Emissions - (Facilities & Fleet) ⁴			149	132	127	119	111
Scope 2 (Indirect) Emissions - (Purchased Electricity) ⁵			167	142	186	179	150
Total Scope 1 and 2 Emissions			316	274	313	298	261
Scope 2 Emissions - Services Data Centers ⁶			88	90	80	83	34

% Renewable Energy ⁷		5.9 %	5.1 %	4.7 %	8.2 %	4.0 %
Scope 3 Emissions - Employee Business Air Travel (1000 MT CO2 eq per employee) ⁸		0.16	0.16	0.16	0.17	0.15
WASTE	Goal	2011	2012	2013	2014	2015
Non-Hazardous Waste ⁹						
% Reduction Landfill / Incineration / Treatment ¹⁰	Baseline est. in 2009	10 %	30 %	42 %	52 %	55 %
% Reuse, Recycle, Energy from Waste	Increase to 100 % by 2020 Baseline est. in 2009	91 %	93 %	91 %	93 %	94 %
Volume Reuse, Recycle, Energy from Waste		49	48	38	41	44
Volume Reuse		4	0.2	4	3	2.4
Volume Recycle		41	42	26	32	33
Volume Energy from Waste		5	5	7.2	6.3	8.9
Volume Treatment		2	2	1.7	1.3	0.9
Volume Landfill		3	2	1.5	1.4	1.6
Volume Incineration		0.4	0.2	0.3	0.2	0.2
Total Volume Non-Hazardous Waste		54.4	51.4	40.7	44.2	47.1
Hazardous Waste ¹¹						
% Reduction in Hazardous Waste from 2009 Baseline		68 %	74 %	80 %	79 %	79 %
% Recycled, Fuels Blending		49 %	71 %	62 %	73 %	69 %
Volume Recycled, Fuels Blending		0.4	0.5	0.3	0.4	0.4
Volume Recycled		0.2	0.3	0.15	0.156	0.213
Volume Fuels Blending		0.2	0.2	0.17	0.238	0.166
Volume Treatment		0.3	0.1	0.12	0.103	0.128
Volume Landfill		0.02	0.03	0.0024	0.00002	0.00001
Volume Incineration		0.08	0.04	0.07	0.045	0.039
Total Volume Hazardous Waste		0.84	0.68	0.51	0.54	0.55
AIR EMISSIONS ¹²		2011	2012	2013	2014	2015
Volume VOC (MT)		NA	NA	19	31	18
Volume Non VOC (MT)		NA	NA	4	5	4
Total Volume VOC / Non-VOC (Production)		NA	NA	23	36	22
NOx (non-production) (MT) ¹³		NA	38	39	39	37
SOx (non-production) (MT) ¹³		NA	0.3	0.3	0.3	0.3
TOXINS AND HAZARDOUS MATERIALS ¹⁴		2011	2012	2013	2014	2015
% Reduction Reportable Releases and Transfers from 2007 Baseline		67 %	64 %	70 %	71 %	75 %

Volume Reportable Releases and Transfers (TRI and PRTR) (MT)		158	172	144	137	118
% Reduction of Virgin MIBK from 2010 Baseline ¹⁵		ND	29 %	35 %	42 %	36 %
Volume Virgin MIBK (lbs/part) ¹⁵		ND	0.283	0.261	0.23	0.255
% Reduction of Methylene Chloride from 2010 Baseline ¹⁶		ND	54 %	57 %	61 %	62 %
Volume Total Amount of Methylene Chloride (lbs) ¹⁶		ND	480,500	445,200	403,842	397,000
Volume 1,3-Butadiene Air Emissions (lbs/batch) ¹⁷		ND	6.7	6.6	7.5	7.2
WATER ¹⁸		Reduction from 2009 Baseline			Reduction from 2010 Baseline	
	Goal	2011	2012	2013	2014	2015
% Reduction in Water Consumption from 2009 Baseline	35 % reduction by 2020 with baseline year set as 2010	21 %	35 %	35 %	28 %	38 % ¹⁹
Volume Water Consumption (ML)		1,725	1,427	1,433	1,444	1,265
Volume Water Discharge to Sanitary Sewer (ML)		1,912	1,580	1,605	1,535	1,491
WORKPLACE SAFETY ²⁰		Goal	2011	2012	2013	2014
Total Recordable Incident (TRI) Rate	0.9 TRI	1.05	1.10	1.07	0.94	0.87*
Days Away from Work (DAFW) Rate	0.49 DAFW	0.54	0.61	0.54	0.5	0.47*
CORPORATE COMPLIANCE		Goal	2011	2012	2013	2014
Reportable Spills / Environmental Releases	0	10	8	5	2	4
Safety non-compliance (\$ fines / # non-monetary violations)	0	\$300/5	\$300/4	\$5275/0	\$0/4	\$6800/0
Environmental non-compliance (\$ fines / # non-monetary violations)	0	\$0/1	\$0/1	\$0/2	\$6150/2	\$120/4

ND = Not Determined; NA = Not Applicable.

1 Products End-of-Life Management: Returns processed through Xerox's worldwide asset recovery centers and 3rd party recyclers. 2012 data adjusted to include units sold as used through new resale program introduced 4th quarter 2012. In 2014, Xerox's operation in Itatiaia Brazil sent surplus parts to landfill as part of a one-time clean-up. This resulted in a decrease in the reuse/recycle rate of products and consumables returned to Xerox.

2 In 2012, the Supplies returns program changed the array of cartridges and bottles accepted. The weights of those containers also changed. The data was restated to reflect more accurate volumes. The 2013 supplies remanufacturing volumes were restated to reflect an error discovered in the total units returned.

3 The greenhouse gas inventory is based on the new Xerox energy goal which began in 2013 using 2012 as baseline and encompasses fleet and facilities for the Xerox Technology Business and Xerox Services. Note: the 2012 baseline has been restated. In accordance with the Greenhouse Gas Protocol, inventory adjustments are completed each year as a result of the opening and closing of facilities and the use of more appropriate emission factors to make data and performance trends between years more comparable.

Note: The new energy goal 2020 uses 2012 as baseline. Units of measure are 1000 MT CO₂eq.

4 Direct emissions from natural gas and fuel used in fleet of Xerox Sales and Service personnel and natural gas consumed in facility boilers for facilities both leased and owned by Xerox. Emissions for facilities are based on actual data as reported on utility invoices, with estimates for remainder of facilities in the inventory using Commercial Building Energy Consumption (CBEC) energy use factors. Emissions from fleet are based on actual fuel receipts and vehicle efficiency rates. Note that 2012, 2013 and 2014 data has been re-stated as new emission factors were used and the facilities inventory has been updated.

5 Indirect emissions of greenhouse gases include emissions from the consumption of purchased electricity and steam for facilities leased and owned by Xerox. CBEC energy use factors were used to include estimated emissions for office and warehouse facilities where data is not readily available (US and Canada). HFC emissions were estimated based on square feet. Note that 2012, 2013 and 2014 data has been re-stated as new emission factors were used and the facilities inventory has been updated.

6 Indirect emissions for worldwide Xerox Services Data Centers, located in the U.S. and Europe. Based on actual data as reported on utility invoices in the U.S. and the U.K. Estimates were used for the remaining Data Centers, based on the average energy consumption per square foot using Power Usage Effectiveness (PUE). In December 2014, we announced an agreement to sell our Information Technology Outsourcing (ITO) business to Atos and began reporting it as a Discontinued Operation. The sale was completed on June 30, 2015. The data centers are associated with the ITO business and the majority of them have been transferred to Atos upon closure of the sale of the ITO business.

7 Renewable energy and renewable energy credits. It does not include the renewable energy available by default in the power grid. This encompasses use of 100 % energy in the U.K and the Netherlands and REC's from wind from Wilsonville, Oregon. Total energy encompasses fleet and facilities for the Xerox Technology Business and Xerox Services.

8 Includes worldwide air travel emissions for total Xerox, as provided by Xerox's global travel services provider, based on aircraft, load, and miles. Assumes 147,000 global employees.

9 Non-hazardous Solid Waste: 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 end-of-life equipment and parts. Increases in energy from waste and landfill volumes in 2015 are related to disposition of stored toner inventories in Brazil.

10 % non-hazardous solid waste to landfill/incineration restated to include treatment volumes.

11 Hazardous waste volumes referenced in the report represent Xerox's technology business only.

12 The majority of air emissions originate from the production of imaging supplies such as toner, photoreceptor drums and belts, and fuser rolls. Data has been restated from prior years to include air emissions data from Brazil photoreceptor manufacturing operations and minor, overlooked byproduct emissions.

13 NOx and SOx emissions are calculated using emission factors applicable to small boilers from the EPA's AP-42, Vol.1, CH1.4: Natural Gas Combustion (<http://www.epa.gov/ttnchie1/ap42/ch01/final/c01s04.pdf>). 2012-2014 data has been revised to ensure consistency with facility occupancy assumptions made for GHG reporting purposes.

14 Operations with on-site reportable toxic chemical releases to the air, land, or water in amounts of greater than one metric ton were established in 2011 with goals, targets and objectives related to chemical releases.

15 Reduction accomplished by reclaiming and distilling waste MIBK from fuser roll manufacturing. Normalized to number of fuser roles produced.

16 Total amount of methylene chloride used to produce Xerox photoreceptor components.

17 From toner resin manufacturing, normalized to volume of resin produced. Baseline reset to 7.14 lbs./batch in 2015 due to changes in inventory management practices.

18 Water consumption increased slightly in 2014 due to volume increases not being fully offset by conservation efforts.

19 XNOR and OCTP toner plants ceased operations in 2015.

20 Workplace Safety performance reporting is for the Xerox Technology Business (with the exception of Global Information Systems) Worldwide.

PRESERVING THE PLANET

Responsible Operations

Reducing our Company-wide Carbon Footprint

While our ultimate goal is to be climate-neutral, our first priority is to reduce our total greenhouse gas (GHG) emissions by lowering the energy intensity of our operations. Xerox is finding success with the following approaches:

- Shifts toward energy-efficient technologies such as Emulsion Aggregation (EA) toner, which is estimated to generate 28 percent fewer GHG emissions in the manufacturing process than conventional toner
- Process improvements including using digital multifunction systems in our workplaces instead of stand-alone printers, copiers, fax machines and scanners
- Energy management and equipment upgrades such as utilizing outdoor pipes to cool process water in winter months (rather than powered industrial chillers) and replacing outdated heating and cooling systems with energy-efficient and digitally controlled models
- Use of renewable energy sources to power our facilities (our U.K. facilities are entirely powered by Green Energy) or to offset energy use (our Webster, New York; Wilsonville, Oregon; and Dallas, Texas, facilities in the United States voluntarily use renewable energy or credits to offset a portion of electricity consumption)
- Efficiency-promoting initiatives including purchasing energy-efficient lighting and vehicles, reducing packaging sizes, mileage tracking and route efficiencies

Data in this section associated with Air Emissions, Releases, Water, Hazardous and Non-Hazardous waste represent 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 and equipment recovery/recycle operations, offices and data centers. Normalized values for 2010 forward have been calculated using Xerox revenue. Unless otherwise noted, all numbers represent worldwide totals for Xerox (excluding GIS locations) and are reported in generally accepted international metrics.

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 and distribution operations employ an environmental management system that conforms to ISO 14001. The system:

- Establishes a framework to ensure compliance with regulations and Xerox standards
- Identifies environmental impact and sets objective and performance targets
- Ensures integration between day-to-day business activities and environmental planning and program management
- 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 integration with a newly deployed scorecard promote visibility, best practice sharing and innovation.

Energy Goal 2020

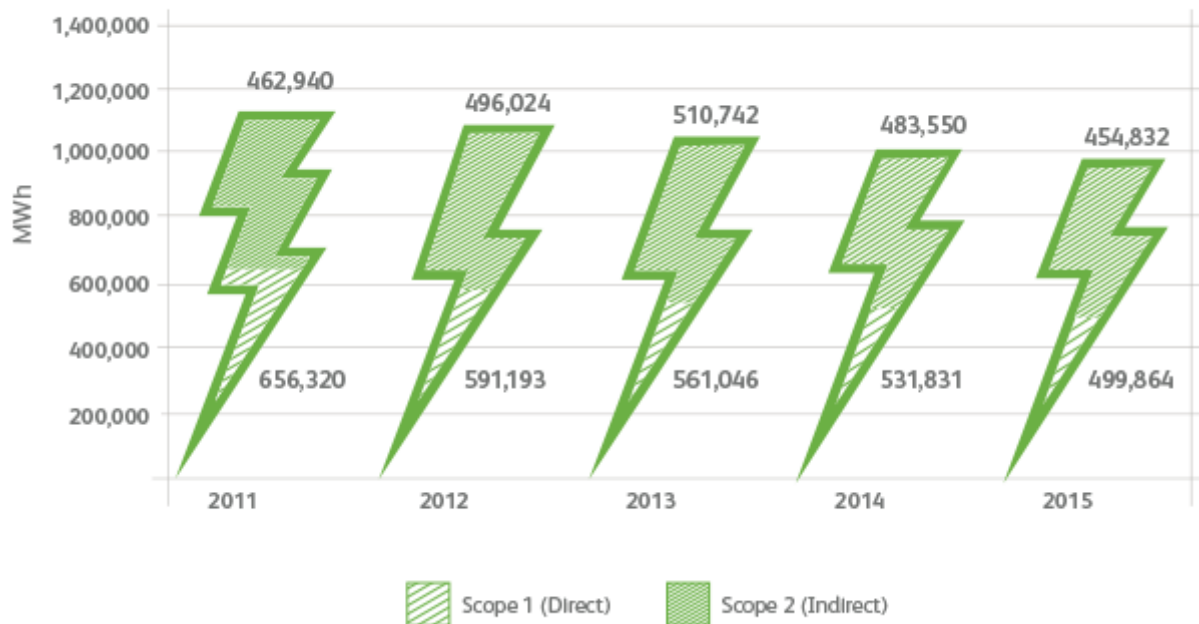
In 2003, we made a public commitment to reduce GHG emissions — our carbon footprint — by joining the U.S. EPA Climate Leaders program and launching an internal program known as Energy Challenge 2012.

This 10-year initiative set a goal to reduce GHG emissions across all company operations by 10 percent by 2012. We met this target six years ahead of schedule, so we set a new target of 25 percent reduction by 2012 (from a 2002 baseline). At the conclusion of the program, we successfully cut emissions by 42 percent — that's 210,000 tons of carbon dioxide equivalents (CO₂e) — and reduced energy consumption by 31 percent.

Our new corporate-wide goal is to reduce energy consumption by 20 percent by 2020 (from a 2012 baseline). In 2015, we reduced energy consumption by 12 percent and cut emissions by 20 percent — that's 65,000 tons of carbon dioxide equivalents (CO₂e).*

*Excludes data centers numbers. Energy Challenge 2012 included fleet and facilities for the Technology Business (and Services where co-located). Energy Goal 2020 encompasses all parts of our business.

Energy Consumption



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

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

Greenhouse Gas Inventory

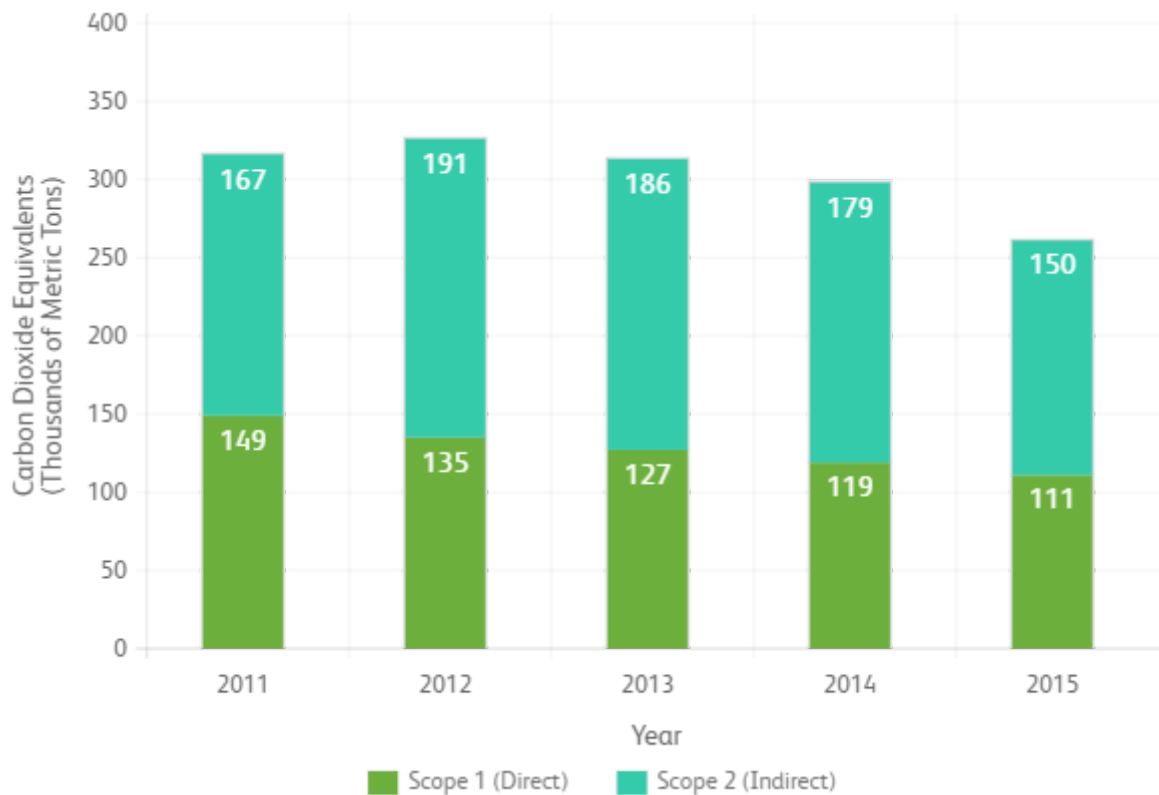
In keeping with the international guidelines of the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development, we track the six major GHGs: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆). 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 and indirect emissions from purchased electricity and steam at our manufacturing sites, offices and warehouses. The inventory also includes the combustion of gasoline and diesel fuels in our service and sales vehicle fleet.

In accordance with the Greenhouse Gas Protocol, inventory adjustments are completed each year as a result of the opening and closing of facilities and changes to the vehicle fleet; as reflected in Energy Consumption and GHG Emission charts. We have expanded our GHG tracking to include Scope 3 emissions, from employee business travel, product transport, employee commute and waste generated in operations.

In 2015, Xerox GHG emissions totaled 261,071 metric tons of CO₂e. About 57 percent were indirect emissions from purchased electricity and steam. The remaining 43 percent were direct emissions from the combustion of natural gas, gasoline and diesel fuel. Xerox-owned or leased facilities, such as manufacturing sites, offices and warehouses, are associated with 54 percent of our direct GHG emissions. The remaining 46 percent are direct emissions from our service and sales vehicle fleet and other mobile sources.

Greenhouse Gas Emissions



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

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

The assessment of Scope 3 emissions poses many challenges due to the large number of variables, the difficulty in collecting data from suppliers and increasing uncertainty in the data as the sources become further removed from the company. We have begun calculating Scope 3 emissions according to the WRI Scope 3 Accounting Standard. We will use the information to prioritize our GHG emission reduction opportunities and to integrate consideration of carbon impact into sourcing and internal decision-making.

Our Scope 1, Scope 2, and Scope 3 GHG emissions have been verified by a third party verification/assurance company in accordance with ISO 14064-3:2006 against our Xerox Corporation defined methodology described in “Xerox Corporation Greenhouse Gas Emissions Inventory Management Plan, Version 2, August 2014” 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 robust GHG emissions inventory and a mature regulatory tracking function that provides the necessary information to stay abreast of developing regulation. We do not consider our company to be subject to unique risks due to changing weather patterns, rising temperatures and sea levels, but we recognize that our business could be impacted by more frequent disruptions as a result of severe weather in locations where we operate. We may also need to invoke our business continuity and resumption plans to aid customers who are impacted by business disruptions due to severe weather. We're experienced in working with customers to ensure continuity of critical applications by prioritizing business needs and developing customer-specific preparedness plans where appropriate. Our business resumption plans include communication with employees and customers, management of employee health and safety issues, business continuity and resumption processes, and interaction with government organizations.

We recognize that the increasing costs of energy and concerns around energy security are issues that affect both our operations and those of our customers. Our commitment to reduce energy use in our operations was driven in part by cost savings, and we recognized that helping our customers to reduce energy costs through more efficient document solutions could increase our revenues.

Our immediate (short-term) focus is reducing energy consumption in our own operations as we make progress toward achieving our corporate goal of 20 percent reduction by 2020. We strive to provide sustainable document management technology solutions to our customers to reduce the energy and environmental impacts of their business.

To meet our commitment for "Reducing Energy Use and Protecting the Climate," our long-term (more than three-year) strategy is to continue to invest in technologies that reduce the carbon footprint of our operations and develop technology solutions that help our customers to reduce the energy and environmental impacts of their business. Our ultimate aim is to be carbon-neutral.

We invest in innovation, market leadership and sound management practices that deliver measurable benefits to the environment, our customers and society and that also increase shareholder value. We recognize the importance of creative partnerships with suppliers, customers and other stakeholders to achieve these benefits and maximize their value. Being smart with product innovation is an important part of sector leadership.

We are well positioned for current and potential future regulation by our investment in a robust GHG emission inventory. We are currently gathering Scope 3 emissions data and other key metrics to assess climate change risk in the supply chain.

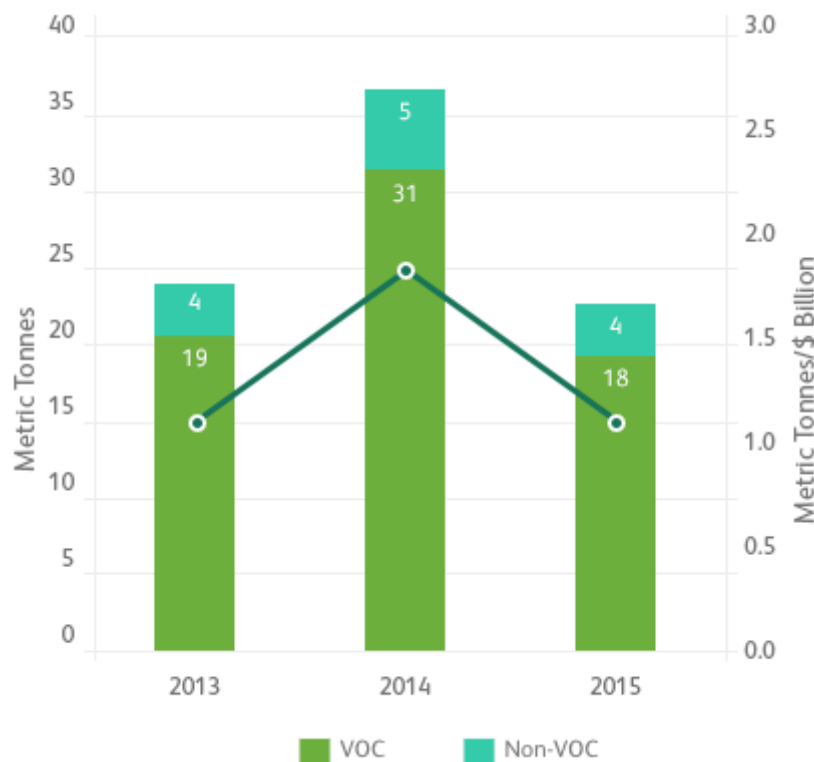
Preserving Clean Air and Water

Air Emissions

Xerox has significantly reduced manufacturing air emissions over the past 20 years. Continuous improvement remains a priority.

Most of our air emissions originate from the production of imaging supplies such as toner, photoreceptor drums and belts, and fuser rolls. Approximately 22 tonnes of volatile organic process air emissions (VOC and non-VOC) were released to the atmosphere from these production activities in 2015. Emission reductions, over time, have primarily come from process modification, lower production volumes of legacy products coated using organic solvents, and production declines attributable to longer-life components.

Volatile Organic Process Air Emissions

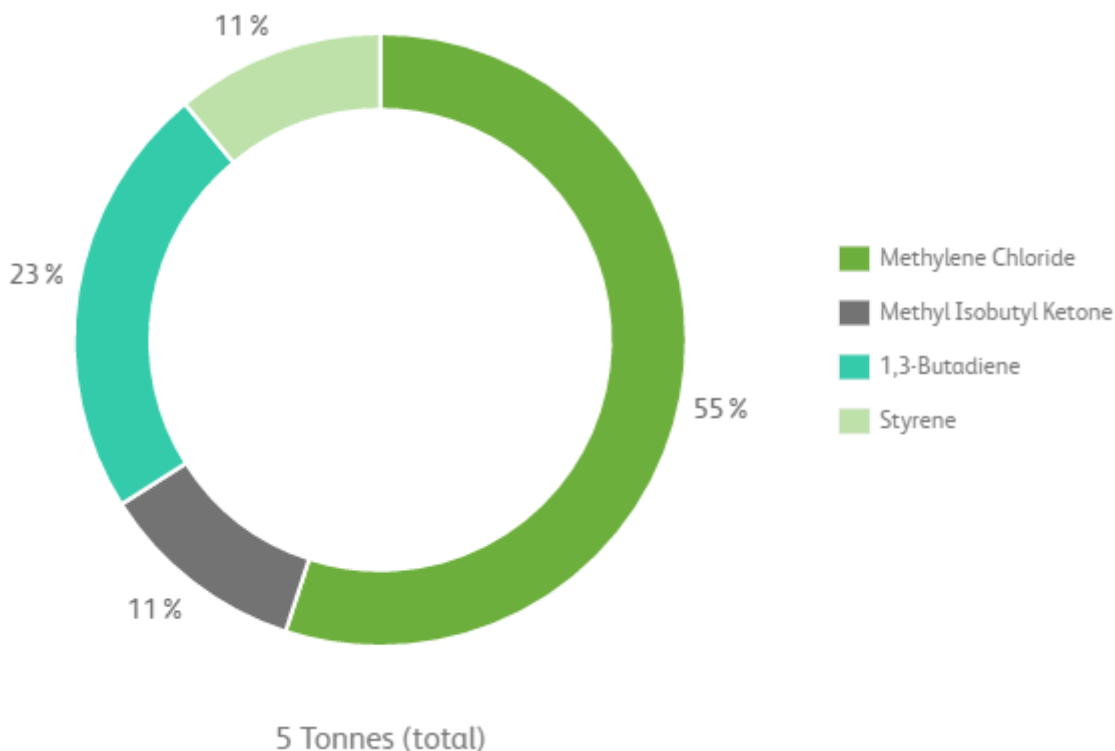


2013–2014 emissions have been revised in this report to reflect the inclusion of Brazilian photoreceptor emissions, which are now quantified on the basis of annual monitoring, and relatively small amounts of byproduct emissions that were better quantified in 2015.

A subset of these volatile organic process emissions is defined by the U.S. Environmental Protection Agency (EPA) as hazardous air pollutants (HAP). In 2015, Xerox reported worldwide air emissions of approximately 5 metric tons of HAP under national toxic chemical release regulations, including the United States' Toxics Release Inventory (TRI) program. Methylene chloride, methyl isobutyl ketone (MIBK), 1,3-butadiene and styrene represent virtually all of these HAP emissions.

2015 HAP Air Emissions

as Reported under National Toxic Release Regulations



Ozone-Depleting Substances

Xerox policy prohibits the use of ozone-depleting substances (ODS) as ingredients in products, spare parts, accessories and packaging. Ozone-depleting substances are used as refrigerants in facility and vehicle air conditioning systems and various food/equipment-cooling systems. Although ODS may be released during the normal operation and failure of these systems, the total amount released is not significant from a company-wide perspective. Elimination of ODS as refrigerant 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. Toxics Release Inventory, the Canadian National Pollutant Release Inventory, and the European Pollutant Release and Transfer Register. Releases for reporting year 2015 were 14 percent lower than 2014 levels and 75 percent lower than 2007 levels. In 2015, reportable releases and transfers decreased primarily due to decreases in the amount of organic solvent used in production manufacturing processes.

Reportable Toxic Chemical Releases and Transfers



In 2011, operations with reportable toxic chemical releases to the air, land or water — in amounts of greater than one metric ton — established goals, targets and objectives related to chemical releases. Progress against these goals as of year-end 2015 is summarized below:

- An initiative to reclaim spent methyl isobutyl ketone (MIBK) continued to exceed expectations in the fourth full year of implementation. Recovered solvent was qualified for use as a cleaning solvent for the fluid delivery systems used in U.S. fuser roll coating operations. As a result, the amount of virgin MIBK purchased in 2015 for use in the manufacturing operation has been reduced by 36 percent from the 2010 baseline on a normalized, per-part basis.
- The amount of methylene chloride used to manufacture Xerox photoreceptor belts was reduced by more than 62 percent from the 2010 baseline, greatly exceeding target. This dramatic reduction was primarily due to volume declines of legacy products and process modifications that reduced the amount of methylene chloride used for batch cleaning of production equipment.
- Emissions of 1,3-butadiene from U.S. toner resin manufacturing operations slightly exceeded the normalized, per-batch target in 2015, primarily due to an accidental 14-pound release that occurred during the year. Low-emission hose connectors were installed to offset increases in transfer losses caused by a more frequent delivery schedule.

Spills and Accidental Releases

Our goal is to prevent all environmental releases of regulated materials to air, soil and water. We have greatly reduced the frequency of spills and accidental releases, though we have not yet reached our target of eliminating these events.

In 2015, our North American operations identified four reportable accidental spills/releases. Three events occurred at our Monroe County, New York, location. Two of the three were contained and did not reach the environment. One of the events went to a containment system with minimal impact to the

environment. The fourth event occurred at our Oklahoma City, Oklahoma location. It was an accidental release to air that occurred after a maintenance activity. Corrective measures for all spills and releases were put in place to minimize the potential for these types of incidents to occur in the future.

Water Consumption and Treatment

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

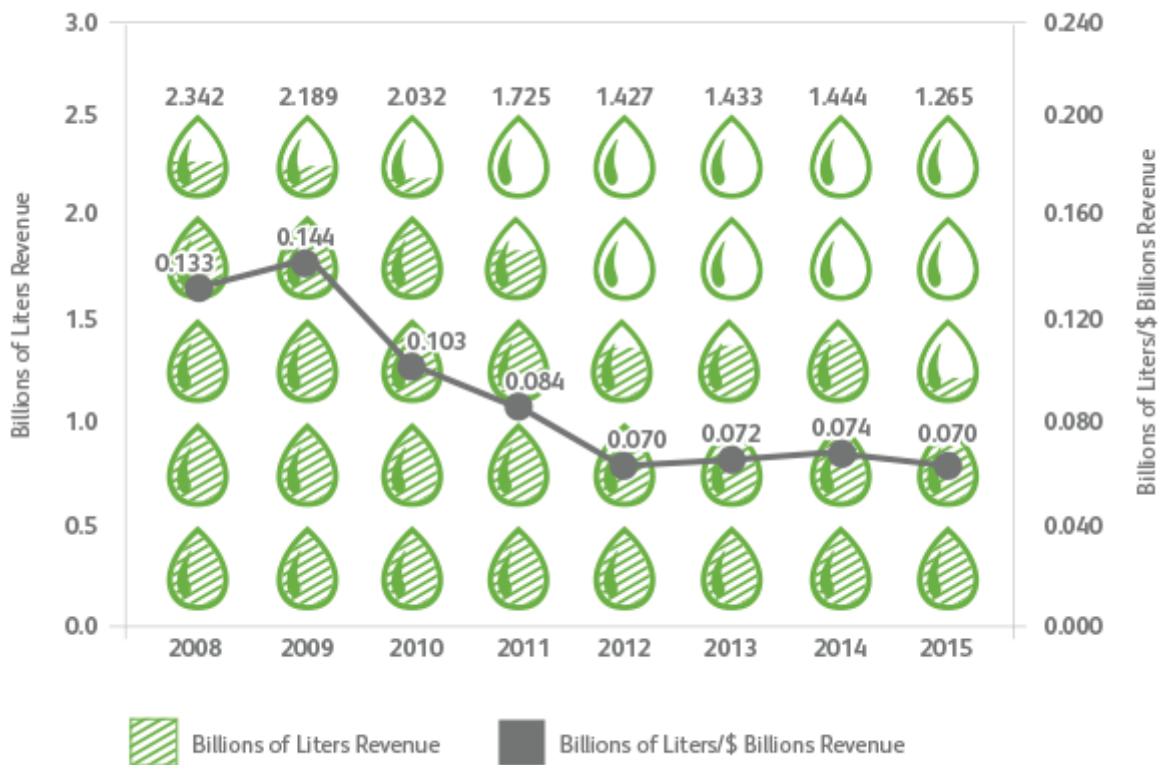
Our current goal is to reduce water consumption by 35 percent by 2020 (against a 2010 baseline). Water consumption in 2015 was down 38 percent against the 2020 goal.

In 2015, a major contributor to reduced water consumption was manufacturing consolidation activities.

A pilot program was initiated at our plant in Wilsonville, Oregon to evaluate the use of Reverse Osmosis reject water for a secondary purpose. The water will be utilized to supply cooling towers at the site. Currently, this water is sent to the sanitary sewer and ultimately to the Publically Owned Treatment works. Projections indicate approximate water savings of up to five percent of purchased water per year.

The water discharges at manufacturing sites are monitored to validate compliance with local sanitary sewer discharge limits. Wastewater from manufacturing processes is treated, as necessary, before being discharged into local sanitary sewers. We utilize best practices to prevent unwanted pollutants from entering waterways via surface contamination and run-off. Extensive sampling of wastewater, discharged to both sanitary and storm sewers, ensures that discharged water meets our strict requirements.

Water Consumption



Revenue from continuing operations attributable to Xerox, revised for all periods to reflect Discontinued Operations.

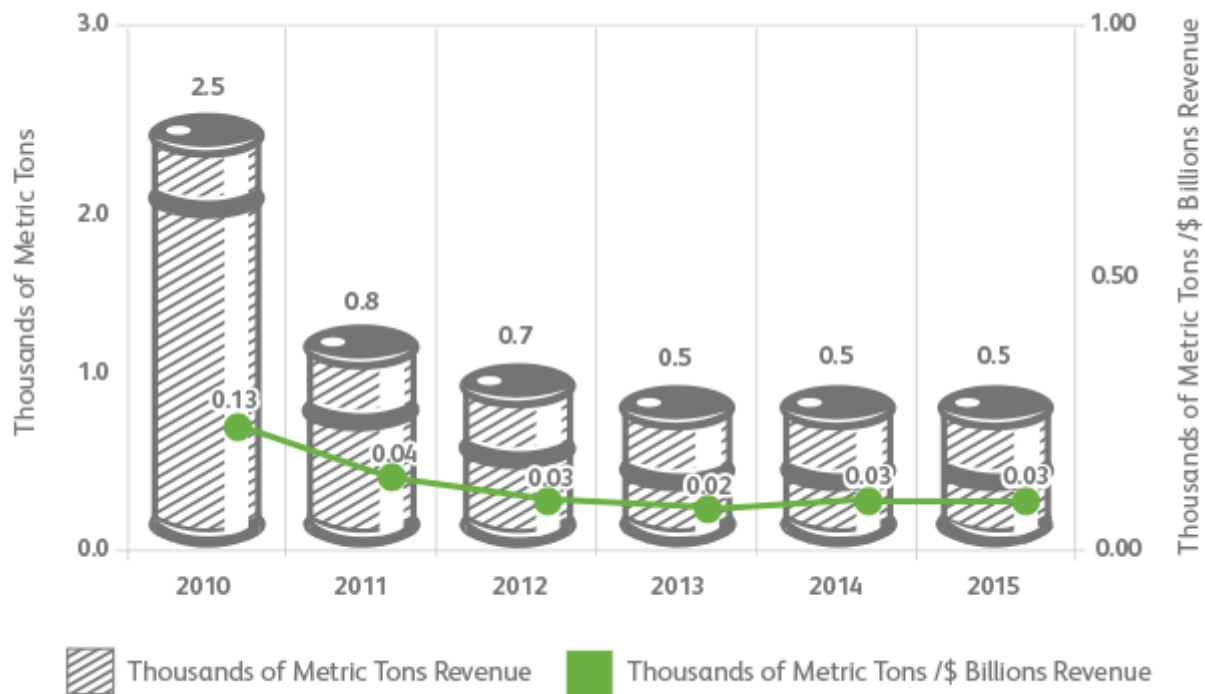
Preventing and Managing Waste

Hazardous Waste

There were no significant changes to our worldwide hazardous waste volumes in 2015. Xerox beneficially managed 69 percent of the hazardous waste generated in 2015 through recycling and/or fuels blending technologies.

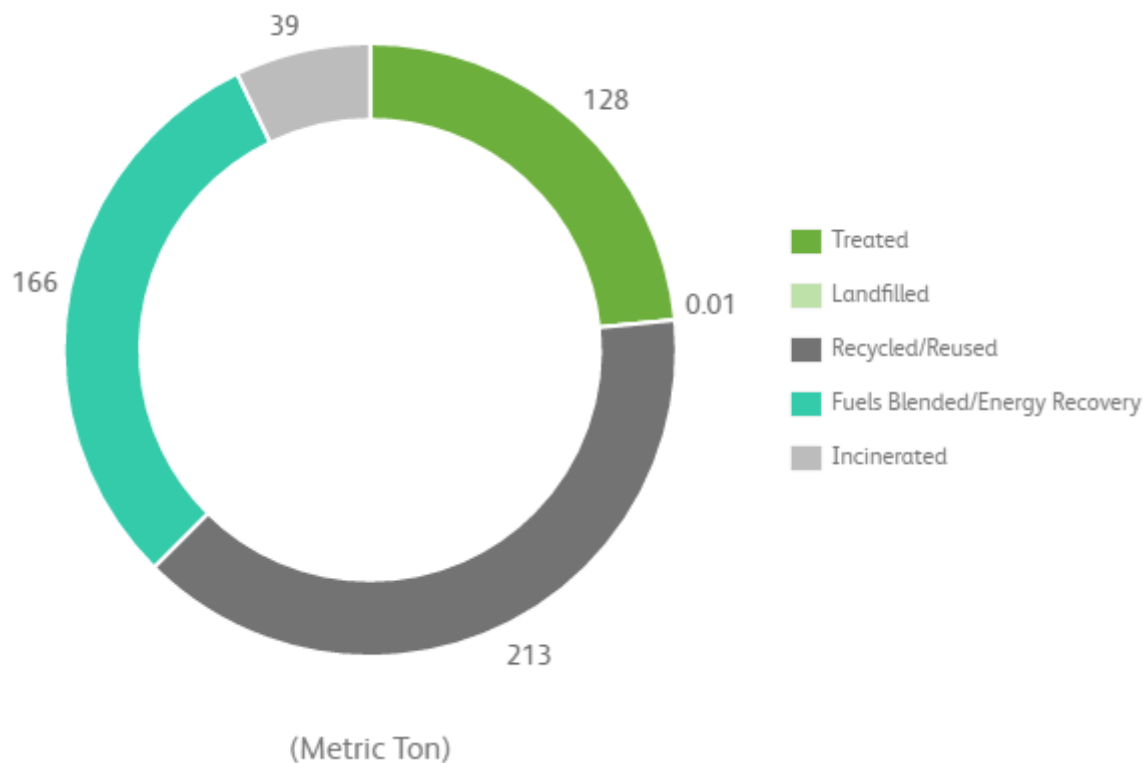
We do not export hazardous waste to developing nations. A third party supplier is contracted to recover spent methyl isobutyl ketone; this material is returned to us to support ongoing coating operations. Solid and liquid hazardous waste streams that have an adequate BTU value are managed via a fuels blending program. An off-site waste disposal vendor blends these waste streams to meet the specifications provided by cement kilns.

Hazardous Waste Generated



Revenue from continuing operations attributable to Xerox, revised for all periods to reflect Discontinued Operations.

2015 Hazardous Waste Management Methods



Non-hazardous Solid Waste

We have had major waste reduction efforts in place for many years. We reuse boxes, pallets and containers for parts delivery. We recapture toner that is outside the acceptable size range during manufacturing, recycle returned equipment and reuse totes for recycling scrap metal and paper.

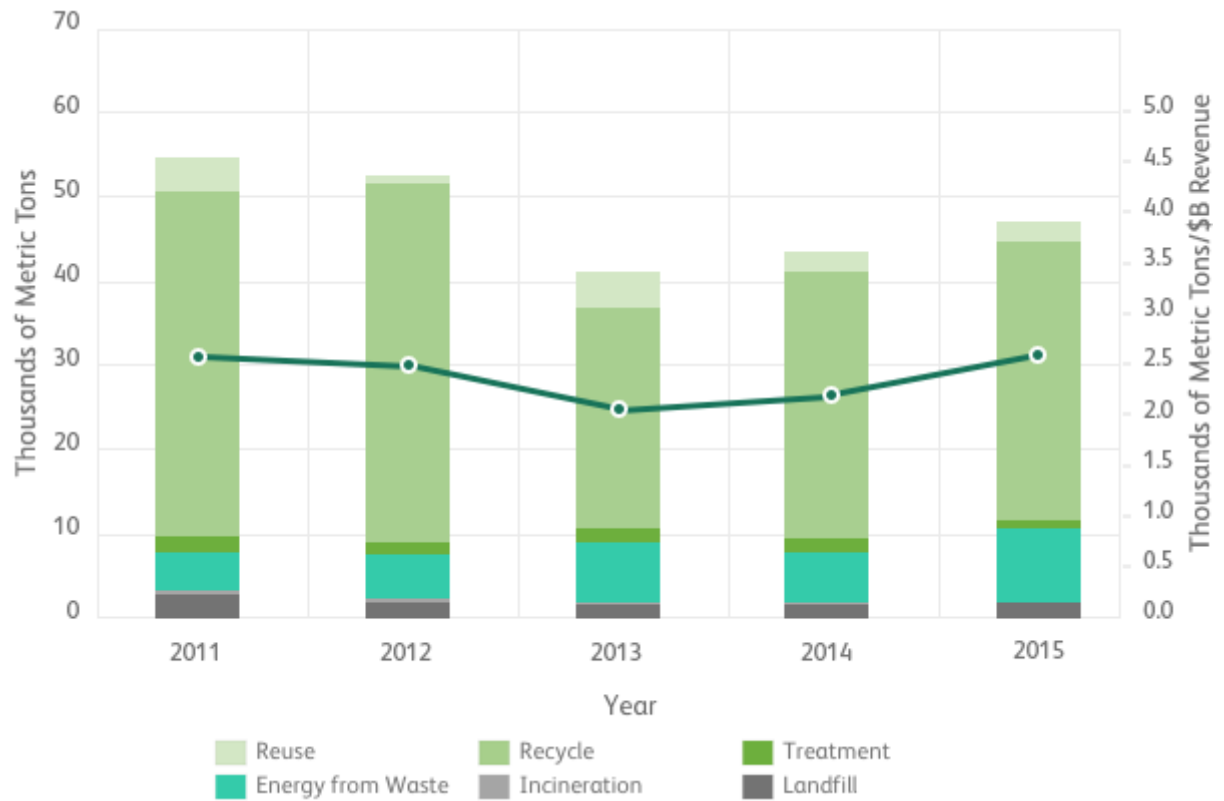
We have an aspirational goal to drive our reuse/recycle rate to 100 % by 2020 at our technology facilities compared to a baseline year of 2009. Additionally, Xerox has committed to developing a process to collect and track solid waste data at all of our Services facilities.

Our global manufacturing operations and all facilities in Monroe County, New York generated 47,100 metric tons of non-hazardous solid waste in 2015, up slightly from 44,000 metric tons in 2014. Process waste consists primarily of paper, wood, pallets, waste toner, plastics and packaging waste such as corrugated cardboard. Equipment manufacturing waste includes scrap metal, waste batteries and lamps, miscellaneous trash, and non-usable end-of-life equipment and parts that our customers return to Xerox for processing and remanufacturing. This waste made up about 71 percent of the non-hazardous solid waste managed by Xerox operations in 2015. Xerox is able to reuse or recycle over 98 % of the waste generated from our customer returns.

In 2015, we managed 94 percent of non-hazardous solid waste beneficially, up from 93 percent in 2014. The increased reuse/recycle rate can be attributed to an increase in our manufacturing operations using energy from waste technology for non-recyclables in 2015. Additionally, in 2015 our equipment resellers were able to return a number of products to the marketplace for resale. That resulted in a significant reduction of all non-hazardous waste. Please note that the reuse/recycle rate has been revised from previous years to more accurately represent non-hazardous waste management methods.

Non-hazardous Waste

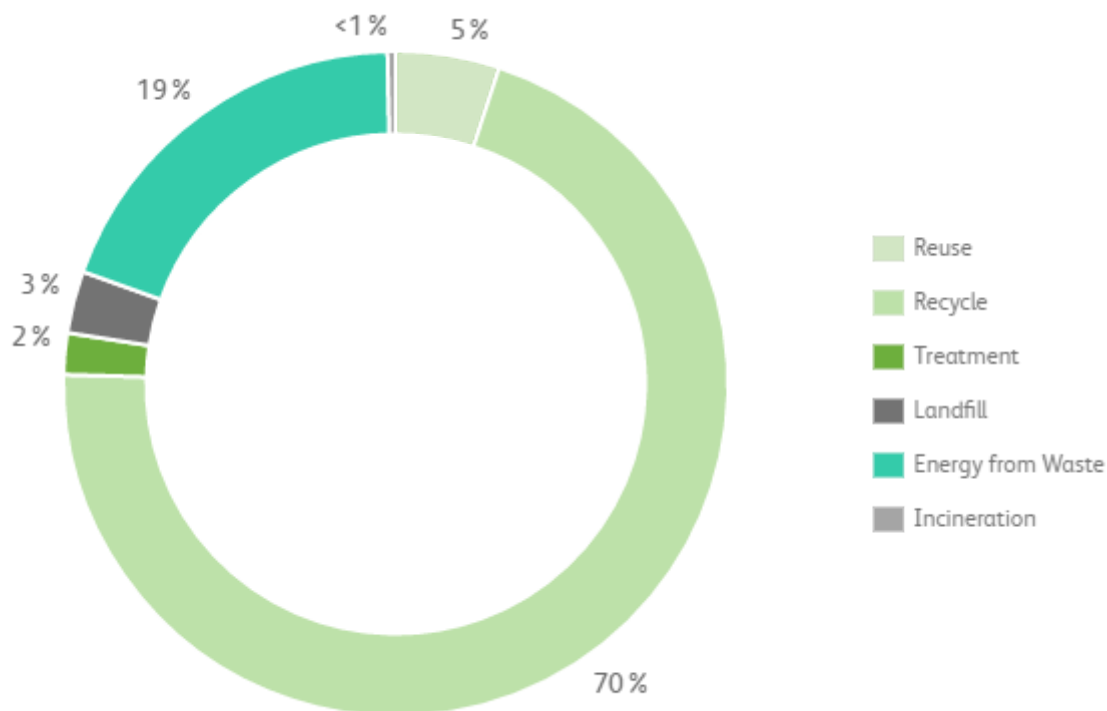
Annual volume by Management Method



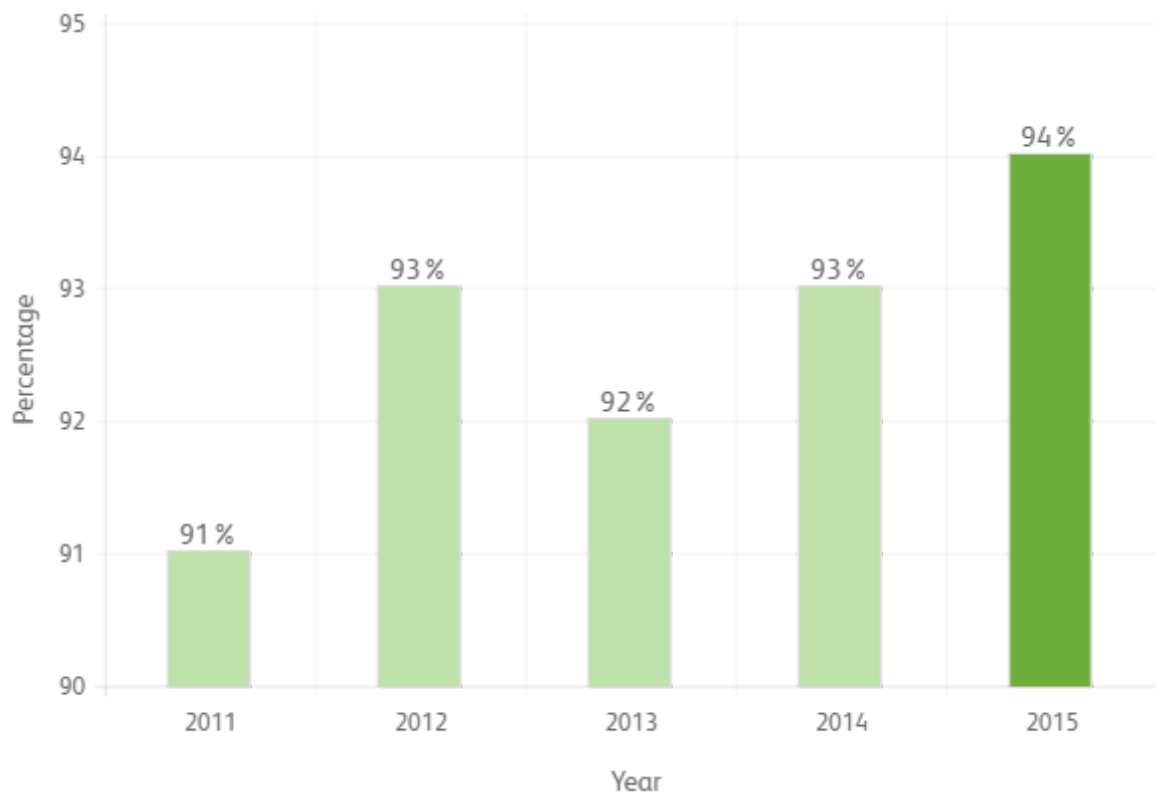
Revenue from continuing operations attributable to Xerox, revised for all periods to reflect Discontinued Operations.

2015 Non-hazardous Waste Management Methods

Percentage by Management Method



Non-hazardous Solid Waste Recycling Rate



Environmental Remediation and Compliance

In 1985, we began a voluntary assessment program that identified 68 of our worksites requiring remediation. We worked closely with the appropriate federal, state and local agencies to initiate prompt and appropriate measures to ensure the protection of employees, neighbors and the environment.

Today, only two of the original 68 sites still require active remedial or control measures. We have removed or greatly reduced the source areas of contamination and have remediated these properties for reuse or redevelopment. Our remedial focus is now shifting to establishing the completion of required post remediation compliance monitoring at sites no longer subject to active remediation so the regulatory process for managing these sites can officially be terminated.

In addition to using conventional techniques for groundwater recovery and treatment and soil excavation, we have a history of developing innovative remedial technologies to enhance our remedial efforts. These included 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 converted to less-harmful substances through enhanced natural biodegradation and chemical oxidation.

Compliance Reporting

We require our various operations and subsidiaries worldwide to report allegations of regulatory violations to our EHS&S group for tracking, evaluation and corrective action, where appropriate. In 2015, five instances resulted in a notice of violation. Two were administrative due to late filing of reports. Three others involved exceeding wastewater discharge limits: one of which resulted in a penalty. All issues have been abated and closed out with the relevant authorities, and we've established appropriate controls to ensure ongoing compliance.

PRESERVING THE PLANET

Sustainable Services and Products

We consider environmental priorities in the design of each product and service solution; it's better for our customers, our business and the environment. At the outset, we solicit feedback from clients and other stakeholders and take a forward-looking view of global trends in technology, regulations and eco-labels. We've developed a comprehensive sustainability program based on global standards and quantitative analysis.

Samples of our work:

- Charter partner of the ENERGY STAR® program; 100 percent of all new eligible Xerox product introductions meet ENERGY STAR® 2.0 requirements for Imaging Equipment.
- Through a partnership since 2006 with the Nature Conservancy, The Xerox Foundation has provided over \$2 million in grants that have helped conserve and protect globally important forests.
- Xerox's Innovative Merge™ Parking Management System was recently recognized as a "Product of the Year" by *Environmental Leader*.

Reducing Environmental Impact through Our Services and Solutions

Our expanding Services business offers solutions that reduce energy consumption and improve environmental performance.

We provide an array of solutions to improve the productivity of transportation systems, customer care and back-office processing. An added benefit of many of these solutions is the opportunity to decrease environmental impact through reduced electricity usage, reduction in paper waste and reduced consumption of gasoline. For example, Xerox's Merge™ parking solution uses occupancy data from meters, sensors and collection systems to enable rates to vary by location and time of day to create availability. This reduces time spent searching for on-street parking, reducing fuel usage and leading to associated air quality improvements. The Merge™ Parking Management System was recently recognized as a "Product of the Year" by *Environmental Leader*, a leading daily trade publication. Our electronic toll collection and open road tolling solutions reduce or eliminate toll plaza congestion and enable reduced fuel consumption and vehicle emissions. [Read more](#) about our work with the City of Los Angeles and [learn more](#) about our innovative solutions for the transportation industry.

We work with customers to improve the efficiency of office document management by assessing printing needs and developing solutions. This leads to dramatically reducing stand-alone and networked office equipment devices, incorporating workflow tools, software applications and other technologically innovative equipment designs, as well as saving energy and associated greenhouse gas emissions while reducing solid waste.

In 2014 Xerox launched CompleteView™ Pro, a tool in the managed print assessment process that, in part, provides customers with a sustainability analysis documenting the environmental impact of print output such as power consumption and CO2 emissions by device and site. Learn more at [managed print services](#).

Standards

Our product standards encompass the following: energy efficiency, chemical management, packaging, parts reuse and recycling, electrical and mechanical safety, ergonomics, electromagnetic emissions,

noise, fire resistance and materials safety. Xerox business teams and the EHS&S organization review our products at each stage of the development process for conformance with environmental, health and safety standards, a requirement for the introduction of any new product. All Xerox standards ensure our products have the appropriate labels and information needed to meet all safety and environmental label requirements allowing our customers to be appropriately informed. All products meet required industry labeling standards for each market.

Lifecycle Assessment

Xerox integrates lifecycle thinking into all of our product and service development activities as well as our innovation activities. Lifecycle Assessments (LCAs) are a means of technically evaluating the environmental impact of a product's materials, manufacturing, distribution, use, and end-of-life. We conduct full LCAs — in accordance with the appropriate ISO standards — to determine where in the product lifecycle the largest environmental impacts arise and to compare products with a significant difference in technology. Full peer-reviewed LCAs have been conducted on our solid ink products (8860, 8870, 8700 and ColorQube 9200 series) and many of our laser technology devices (WorkCentre 5325/30/35, WorkCentre 5945/55, and Phaser 7100). In 2015 we completed 14 cradle-to-grave peer-reviewed LCAs on Xerox printer and multifunctional device configurations. The completion of these LCAs directly contributed to achieving EPEAT Gold certification for these configurations and provided valuable input to our design teams to determine future opportunities for reductions in environmental impacts. We encourage our customers to learn more about how their printing behavior affects the overall carbon footprint of their organization from a lifecycle perspective.

Product Design

Xerox has long incorporated environmental considerations into product design. Scientists in our materials research group evaluate aspects of Safety, Energy, Materials and Sustainability (SEMS) using a tool we developed that allows researchers to quickly compare the current design with a future proposed design. The tool challenges designers to think about the whole lifecycle of the product and recognize any positive or negative impacts to the environment. By using SEMS, we can quantify energy reductions, reduce risk of regulated materials and track progress over time. SEMS was designed to be used in early research and development stages to understand tradeoffs and help make decisions early in the product lifecycle.

EPEAT®

For office products, Xerox uses the Electronic Products Environmental Assessment Tool (EPEAT®) as the foundation of our Design for Environment program. A comprehensive environmental rating system, EPEAT® identifies electronic equipment that meets specific criteria. It combines comprehensive criteria for design, production, energy use and recycling with ongoing independent verification of manufacturer claims.

EPEAT® criteria reflect several categories of environmental attributes that span the lifecycle of electronic products: material selection, design for end-of-life, product longevity/life extension, energy conservation, end-of-life management, corporate performance, packaging, consumables and indoor air quality. Xerox continues to support EPEAT initiatives and has a representative on the EPEAT Advisory Council to promote collaboration between stakeholders and aid in the success of the program moving forward. Since 2014 Xerox has committed to launching all new office products with EPEAT Silver or Gold. Xerox is the only company to claim all eight corporate optional criteria.

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

Reducing Energy Use Through Our Products and Technology

- **ENERGY STAR®**

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

In 2015, 100 percent of all our new eligible product introductions achieved ENERGY STAR®. This continued success in cutting the power consumption of our laser-based printing products has been achieved by adjustments in the fuser design, changes to the properties of the toner, more efficient electronic controls and the workings of the xerographic system as a whole.

The ENERGY STAR® program introduces progressively more stringent requirements over time, with the most recent revision having gone into effect January 1, 2014. While the new standard was challenging to meet, our goal remains to have 100 percent of new product introductions achieve this label.

- **Multifunction Devices**

Our multifunction systems further reduce the amount of energy required to copy, print, fax and scan by combining the functions of multiple products into one machine. The annual energy savings of replacing several individual ENERGY STAR®-qualified copiers, fax machines and printers with one Xerox ENERGY STAR-qualified WorkCentre multifunction system is up to one-half. Energy savings would be substantially higher if a multifunction system replaces individual products that have not earned the ENERGY STAR® rating.

- **Xerox ConnectKey™**

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

Deinkability

In recent years, deinkability has become an area of increasing concern, particularly among our graphic communications customers. Ensuring that prints produced with our equipment and materials can be responsibly managed at the end of their useful life is an important consideration in our product development process. When appropriate, independent testing confirms that these prints pose no unique challenges to the recycling stream. While the deinkability of xerographic prints has long been demonstrated, a key milestone for a new technology came in 2010 when the CiPress printer achieved a "Good Deinkability" rating from INGEDE, the International Association of the Deinking Industry.

Paper Use

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

exploring creative ways to engage employees in the sustainability effort. The Xerox® Print Awareness Tool is an innovative solution that allows employees to view graphical representations of print usage and take an active role in helping their organization reach print reduction targets.

Packaging and Distribution

Packaging and distribution are integral parts of our product commercialization process. We strive to eliminate, reduce, reuse and recycle packaging. We document our expectations in our Environment Health and Safety Requirements for Packaging Standard — EHS-710, and also in our General Packaging Standard — 88P311. Our commercial equipment is designed and tested extensively to be shipped without requiring any packaging. We strive to eliminate or reduce packaging wherever feasible, which conserves natural resources and decreases fuel use for distribution; a sustainability win for business and the environment.

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

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

Developer Housing Assembly — Converting to Use of Molded Pulp

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

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

WorkCentre 7120 Customer Replaceable Units (CRUs) — Reducing our Footprint

As with our developer housing assemblies, we redesigned packaging provided to us by a large supplier of color WorkCentre 7120 CRUs by removing polystyrene endcaps and reducing the size of the package. The result was a reduction of 4,725 kilograms (10,417 lbs.) or 27,756 cubic feet of polystyrene waste annually, and a 27 percent increase of product per unit load.

Xerox Replacement Cartridges (XRC) — Reducing Solid Waste

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

Materials

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 by tightly managing

chemicals in our supply chain. 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. As a result of our stringent requirements, Xerox toners and printing products are non-carcinogenic and non-mutagenic. In addition, these products do not cause adverse developmental or reproductive effects; pose a toxicity hazard to humans or aquatic species; cause a permanent adverse impact to the skin, eyes or respiratory system; or have the potential to generate federally regulated hazardous waste. We were the first in our industry to evaluate the health effects of toner and did so for over 30 years.

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

Our safety and supplier processes enable us to meet global regulations governing chemical use. Since 2007, Xerox's newly launched products have been designed to meet the European Union's Restriction of Hazardous Substances (RoHS) requirements in all markets. However, where regulations allow, some products may contain parts with small amounts of RoHS substances in order to avoid premature disposal of existing parts that continue to 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 2015, Xerox was informed by two suppliers that certain units of several product families shipped in the second half of 2014 and in 2015 may not comply with the European Union's RoHS Recast Directive. The concern was limited to small plastic parts in some of the affected units containing a small amount of cadmium which exceeded permitted limits, and a small capacitor in other units containing a small amount of lead, also slightly in excess of limits. Xerox stopped shipment of the affected units within our control and inventory was reworked with compliant parts. Affected product already placed at customer locations is being reworked on a "next service call" basis for the cadmium containing plastic parts, while the lead in the capacitor is being addressed at machine end-of-life. There is no customer or employee exposure or risk in either instance. In accordance with applicable regulations, Xerox self-reported these nonconformities to the relevant authorities who assessed no penalties.

Third-Party Supplies Sold by Xerox

Xerox sells imaging supplies through its distribution network that are manufactured by other companies for use in other OEM printers. Manufacturing processes combine patented and patent pending technology, environmental management principles and proven waste prevention manufacturing and recycling processes. We thoroughly review these supplies to ensure compliance with appropriate regulatory requirements. In addition, we also assess against our own stringent standards. The results of these reviews ultimately determine which products carry the Xerox brand. Information is provided on [Safety Data Sheets \(SDS\)](#), which have been recently 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.

End-of-Life Management

Our aim is to design products, packaging and supplies that make efficient use of resources, minimize waste, reuse material where feasible and recycle what can't be reused. To meet this commitment, we developed several programs: Xerox's Green World Alliance (GWA) initiative provides a collection and reuse/recycling program for spent imaging supplies; Xerox's Product Takeback and Recycling program manages equipment at end-of-life; and we invest in technologies that reduce the creation of waste. Our solid ink imaging process utilizes compact "cartridge-free" solid ink sticks with no plastic housings or casings, thereby reducing print-related waste by up to 90 percent compared with comparable color laser products. For laser-based products, materials innovation has extended the life of critical replaceable components by up to 50 percent.

Our approach to managing products at end-of-life translates into significant environmental and financial benefits. Globally, our combined returns programs (equipment resale or remanufacture in conjunction with parts and consumables reuse and recycling) prevented nearly 47,500 metric tons of waste from entering landfills in 2015.

Consumables Takeback and Recycling

Xerox's Green World Alliance (GWA) initiative provides a collection and reuse/recycling program for spent imaging supplies. GWA is central to our commitment to waste-free products.

Currently, more than 35 countries participate in the Xerox Green World Alliance. Each has its own GWA country website that describes the processes available to the customer or the appropriate points of contact for more information. Worldwide, our customers returned over 2.1 million cartridges, toner containers and other used supply items in 2015, equating to 4,400 metric tons.

Returned products are sorted, and items suitable for remanufacturing are cleaned, inspected and then remanufactured. Remanufactured consumables, containing an average 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 can't be reclaimed, 75 percent is recycled by our consumables recycling partner while the remaining volume is utilized as energy by waste facilities to generate steam and electricity.

Total Waste Diverted from Landfills from Consumables Recycled, Reused, Energy from Waste



Equipment and Parts Takeback and Recycling

In the early 1990s, we pioneered the practice of converting end-of-life electronic equipment into products and parts that contain reused parts while meeting new-product specifications for quality and performance. We have developed a comprehensive process for taking back end-of-life products and have established a remanufacture, parts reuse and recycling program that fully supports our waste-free initiatives.

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

Xerox enables reuse according to the following principles:

- **Reuse of complete end item.** This 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 in this manner. 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. Nearly 65 percent of machines returned in the U.S. are given new life by being sold as used or sent for remanufacturing.
- **Reuse of major modules, subcomponents and parts for spares or manufacturing.** Many of our machines that have outlived their useful lives are stripped of usable parts and components prior to the scrap/reclaim process. Used spare parts returned from the field are also included in this reuse

stream. Xerox has been continually 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 wiring boards, batteries and lamps. The remainder of the machine is then sent to an industrial reclaim facility.

Changes in volumes of waste diverted from landfills is due in part to increases in product and reuse opportunities, changes in product mix, and a move to lighter-weight machines, as well as growth of regulatory-driven local recycling schemes. For example, the transition to digital equipment and lighter-weight parts has reduced the weight of both office and production equipment by as much as 50 percent over the last 10 years. The decline also includes a decrease in the number of office machines returned for remanufacturing in Europe due to participation in EU member state Waste Electrical and Electronic Equipment (WEEE) programs. In geographies where Xerox exercises direct control over the end-of-life management of equipment, return rates are high. For example, approximately 60 percent of all U.S. equipment installs are ultimately returned to Xerox for end-of-life disposition, a figure that rises to 100 percent for leased equipment.

In 2015, 9,400 metric tons of equipment/parts related waste was diverted from landfills to recycling at our U.S. Reverse Logistics Center. Globally, that volume rises to 43,000 metric tons.

Total Waste Diverted from Landfills from Returned Equipment and Parts



Restated in 2016 to reflect the current method used to estimate waste that is beneficially managed.

E-Waste

While Xerox has long been committed to responsible end-of-life management of equipment, the proliferation of e-waste regulations has created a need for multiple programs in different countries and even states. The subtle differences in requirements among these regulations pose challenges from a process consistency and efficiency standpoint. For example, with the implementation of the European Union's Waste Electrical and Electronic Equipment (WEEE) Directive, we continue to operate our European take-back program to enable equipment remanufacturing and parts reuse. We also participate, as needed, in European member states' individual collection and recycling programs.

In the U.S., Xerox recently partnered with a large electronics recycler to ensure that our customers have a means to have their old imaging devices processed in a responsible manner. The program is consistent with the requirements defined in the various manufacturer take-back initiatives.

We carefully manage suppliers who provide recycling and waste disposal services. A waste vendor approval process assesses the safety and environmental practices as well as compliance history of each vendor. Where appropriate, we require these companies to document the final disposition of materials sent to their facilities, including electronic scrap. Xerox does not allow its vendors to send electronic scrap to developing nations for processing. We strive to work with only those recyclers who have implemented voluntary programs that are certified by accredited organizations. The programs are the U.S. EPA's Responsible Recycling (R2) Standard for Electronics Recyclers or the Basel Action Network's e-Stewards standards. In addition, in 2014 Xerox's two U.S. equipment processing facilities achieved R2 certification.

Paper

We recognize our obligation to responsibly source paper and enable efficient paper use. Our strategy begins upstream with the fiber source and continues on to processing and manufacturing, through use and end-of-life. We utilize a multi-pronged approach, through partnerships with our customers and suppliers, The Nature Conservancy and other stakeholders, including non-government organizations (NGOs), government agencies and academia. Our long-term goal is to support a sustainable paper cycle and minimize environmental impact while meeting our customers' exacting business needs.

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

We apply stringent paper sourcing guidelines for companies that provide paper to Xerox for resale. The requirements cover all aspects of papermaking, from forest management to production of finished goods. We supply papers that comply with sustainable forest management standards, including the Forest Stewardship Council (FSC) and Programme 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.

We offer papers ranging from 80 to 100 percent post-consumer recycled content. Our recycled papers use post-consumer waste and/or recycled fiber in place of new pulp. Recycled products are required to meet the same strict performance specifications as virgin products and are designed for optimal performance in our equipment.

Our Partnership with The Nature Conservancy (TNC)

Since 2006, Xerox and The Nature Conservancy have partnered to conserve and protect globally important forests. This work is supported through Xerox Foundation grants of over \$2 million. In 2015, our partnership expanded to include volunteers from Xerox and TNC working together in conservation efforts. Our partnership builds on the commitment of Xerox to sustainability throughout its operations and corporate leadership on the world stage.

During the third term of the partnership in 2015, Xerox supported the Conservancy's efforts to:

- Develop and test a broadly applicable forest carbon methodology for improved forest management that would allow landowners to achieve forest certification and serve as a platform for potential carbon benefits.
- Strengthen a key tool for identifying priority habitats — the High Conservation Value (HCV) approach — building consistency across projects, disseminating standards and training assessors through global and regional HCV networks.
- Promote responsible forestry through the implementation of forest management standards by working with Xerox suppliers and other land managers at two sites in North America: Central-Western New York and across the Canadian Boreal Forest (including a focused project in Northwest Ontario).

These initiatives have improved forest conservation, helping to develop a sustainable paper cycle and advance sound forest management practices through market incentives, landowner investment and resource networks. Most importantly, our work has and will continue to stem the tide of forest loss and degradation, a contributor to global greenhouse gas emissions.

In 2015, Xerox and TNC encouraged employees to participate as volunteers in their local communities. In June 2015, employees of the Central and Western New York Chapter of TNC and Xerox created an exhibit at the Rochester International Jazz Festival to educate the public on the world's water shortage and to provide attendees with clean tap water in reusable cups as an alternative to bottled water. The exhibit highlighted the TNC's role in protecting Hemlock and Canadice Lakes, the last two undeveloped Finger Lakes in New York State and the source of the drinking water for the Festival. Over 240 gallons of water were consumed – equivalent to 1,900 plastic bottles of water. Nearly 2,000 people engaged with Xerox and TNC volunteers to learn about the source of the water and TNC's work around the region.

PRESERVING THE PLANET

Environmental Leadership

As innovators who introduced two-sided copying in 1970 and as one of the first employers to allow employees to work from home saving fuel and reducing greenhouse gas (GHG) emissions, Xerox has operated at the forefront of environmental sustainability. Our accomplishments span from being the first to make available office equipment with an energy-saving mode to playing a key role in developing the innovative transportation solutions of today and tomorrow.

In 2015, Xerox was one of the first organizations to join the Road to Paris Initiative, a collaborative effort of CDP (formerly the Carbon Disclosure Project) and the We Mean Business Coalition. In a similar initiative supported by the White House, Xerox signed the American Business Act on Climate Pledge, along with dozens of the nation's largest companies. We committed to further GHG reductions and energy reductions in our operations globally — an additional 20 percent by 2020, from our 2012 baseline. We also committed to continuing to provide products and services to enable our customers to realize GHG reductions in their workplaces and communities. We also committed to investing in clean energy for our facilities.

Assuming a lead role in sustainability requires a focused effort on aspects that will drive the greatest value to our stakeholders and company. We utilize materiality assessments to prioritize this effort. In our most recent assessments, we reaffirmed that sustainable products and services are a material aspect for Xerox, providing value for our company and our stakeholders. As an example of one effort to advance sustainable products, we teamed with the University of Michigan and other companies to create “MCity” — a 32-acre simulated urban environment to enable mobility developers to test the capabilities of connected and automated vehicles and systems. In another effort geared for the office, we developed “Digital Alternatives” and the Print Awareness Tool. Digital Alternatives helps organizations transition from paper-based tasks to streamlined digital workflows, increasing the efficiency of routine document processes. The Xerox Print Awareness Tool® provides end-users with graphical displays of their print usage as well as “eco-tips” to enhance sustainability awareness and choices.

Our sustainability leadership has been recognized by such organizations as CDP, Dow Jones and Ethisphere.

Governance

Our corporate Environment, Health, Safety and Sustainability (EHS&S) [governance policy](#), first adopted in 1991, provides the foundation of our environmental leadership program. Our [environmental governance](#) model uses clearly defined goals, a set of worldwide standards and an audit process to validate compliance.

The vice president of Strategic Partnerships & Alliances and EHS&S reports to the president of Corporate Operations, who is a Corporate Officer and a direct report to the chief executive officer. The vice president is accountable for our Corporate Social Responsibility governance framework and chairs the Xerox Corporate Social Responsibility (CSR) Council.

The CSR Council is responsible for the materiality assessment process and establishment of a defined management approach for aspects deemed to be material to both our stakeholders and our business. The Council reports progress to the CSR Steering Committee, Corporate Management Committee and the Board of Directors at a defined cadence throughout the year. For more on our CSR Governance model, see the [Governance](#) section of this report.

Our Enterprise Risk Management (ERM) process, with oversight by the Xerox Board of Directors, strengthens our capability to assess, monitor and manage all categories of business risk, including climate change. Vital strategic and operational risks identified are approved by the Corporate Management Committee (CMC) and reviewed annually by the Board.

A risk mitigation plan, in which leaders are assigned to each identified risk, is developed and reviewed by the CMC and the Board. The Business Ethics and Compliance Office and various Internal Control committees also monitor risk management and exposure. The Board of Directors regularly reviews the Enterprise Risk profile and monitors the effectiveness of management policies and decisions, including risk management activities.

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

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

Standards and Programs

Environmental, health and safety standards guide employees and suppliers in complying with corporate policies. These worldwide standards apply across Xerox and establish specific requirements for products, services and operations. We also have company-wide programs, such as Zero Injury, to engage employees worldwide.

Supply Chain Management

As a critical element of supply chain governance, we extend environmental, health and safety requirements across our supply chain. Since 1998, we have asked our materials, electronics and component suppliers to meet specific environmental, health and safety requirements. In 2006, we joined the Electronic Industry Citizenship Coalition's (EICC) Code of Conduct to broaden our means for validating that suppliers are operating according to accepted industry standards. As an EICC member, we assess our own facilities as well as suppliers, using EICC auditing protocol.

For more information, see the [Supplier Relations](#) section of this report.

Employee Engagement and Training

Employees and third-party contractors learn how our operations affect the environment and employee safety through training and internal communication. Beginning with our new hire orientation, employees are made aware of company-wide environmental, health and safety requirements. Global programs such as Energy Challenge, Zero Injury, Sustainable You, Environmental Faces of Xerox and the Xerox Earth Awards engage employees throughout the company. Regional Earth and Safety Fairs and Green Teams also help to communicate challenges, best practices and accomplishments.

Yammer, our internal social media network, allows our employees across the globe to connect with each other. Through groups such as Working Green, Living Green and Simply Well, employees exchange information about the environment, safety and health. The Xerox Yammer network boasts nearly 25,000 employees worldwide.

The formation of local “Green Teams” provides employees, who are part of a common work group or share a workspace, with the opportunity to work together to educate, support and seek process or site changes that will enable environmental improvements, cost savings or productivity improvements.

As appropriate, employees receive training on topics such as hazardous waste management, spill prevention and response, recycling, ISO 14001 and a variety of other topics. In addition to safety topics for which regulations require training, employees are trained on established safe job procedures based upon the job-specific hazards they may encounter and procedures and protective equipment they are expected to use. A significant number of procurement professionals participated in training on Xerox corporate sustainability goals to re-emphasize our Socially Responsible Purchasing Policy.

Our environmental management policy is available on the Xerox internal website. We communicate environmental, health and safety goals to all our operations and integrate those goals into processes for product development and services. Through our ISO 14001 environment management system, employees identify the environmental aspects associated with their responsibilities. Our facilities management personnel are introduced to our environmental sustainability and compliance programs and trained to identify sustainability opportunities and perform regulatory applicability assessments. This training included both Xerox facilities personnel and those from our third-party management company.

Stakeholder Outreach

We communicate with stakeholders about environmental health and safety programs, goals and performance. Stakeholders include employees, customers, investors, universities, government agencies and environmental groups. We track inquiries and comments from customers and other stakeholders. Customers provide input through focus groups, and we tap into the larger community through participation in external organizations.

We regard our customers, employees and investors as strategic partners and stakeholders. Since our earliest days, our engagements have been deeply rooted in education and the community. In progressing toward the goal of sustainability for our own operations and those of our stakeholders, partnerships with regulatory agencies and academia play a crucial role in legislating progressive policies and the academic world by driving fundamental innovation.

In 2015, we joined with the Los Angeles Department of Transportation and the Denver Department of Public Works to develop CitySight®, a new cloud-enabled performance management system that uses data analytics to help parking enforcement supervisors better manage workloads, make smart dispatching decisions and create high-performance teams of parking enforcement officers.

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

Business Consortia:

- Business Roundtable
- Business for Social Responsibility (BSR)
- The Conference Board (U.S. and Canada)
- Conflict Free Sourcing Initiative (CFSI)
- Corporate Eco Forum
- Eco-Patent Commons
- Electronics Industry Citizenship Coalition (EICC)

- Sustainable Business & Enterprise Roundtable (SBER)
- Sustainable Electronics Recycling International (SERI) R2 Leader
- Sustainability Roundtable, Inc.
- Wharton Initiative for Global Environmental Leadership

Non-Governmental Organizations:

- Electronic Product Environmental Assessment Tool (EPEAT) Advisory Council
- The Nature Conservancy
- New York Economic Development Councils
- The Prince's Mayday Network
- Second Nature (Higher Education)

Government Organizations:

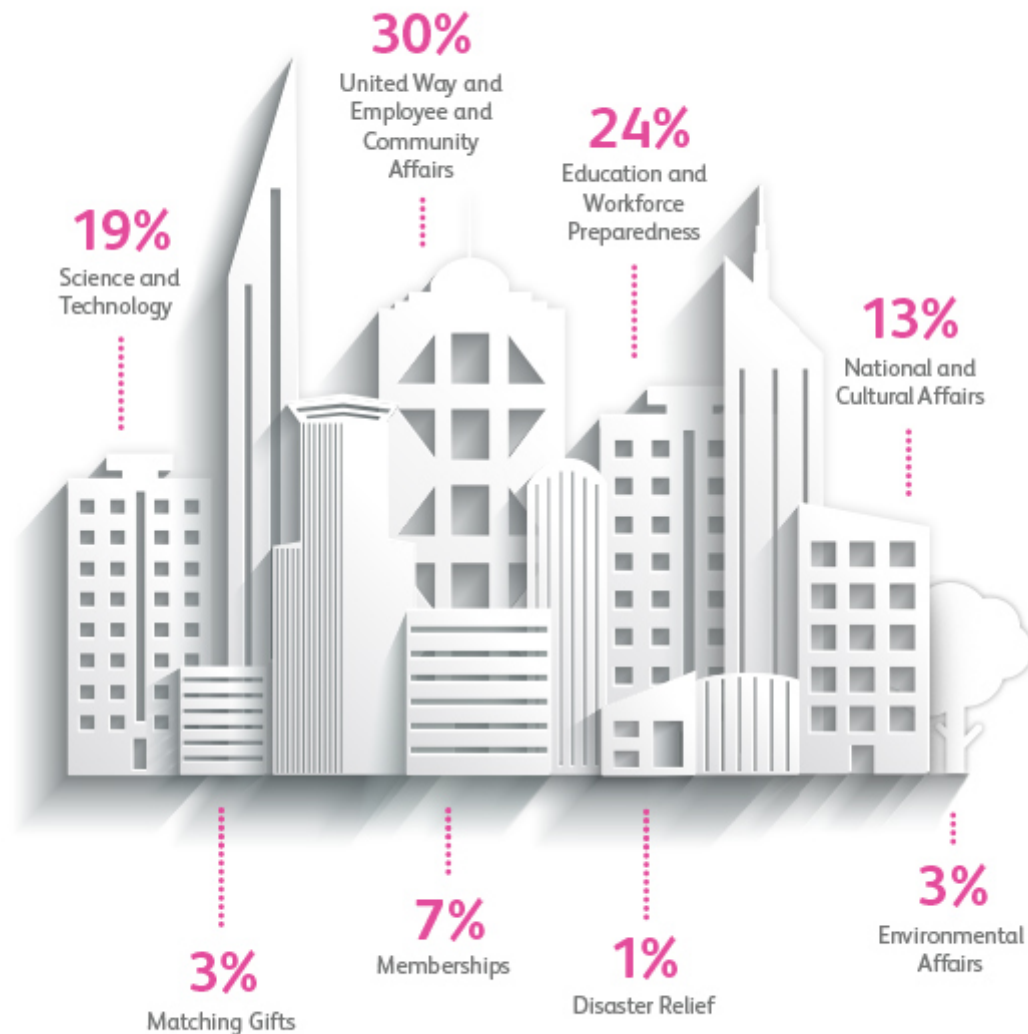
- U.S. EPA ENERGY STAR®
- U.S. EPA Green Power Partnership
- U.S. EPA SmartWay Transport Partnership
- U.S. EPA WasteWise

CARING FOR COMMUNITIES

The Xerox Foundation

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

A Foundation for Good



Our philanthropic efforts are managed through The Xerox Foundation, which executes a deliberate investment strategy to deliver the greatest impact possible for every dollar spent. In 2015, we invested \$13.5 million in the non-profit sector through The Xerox Foundation. More than 2,500 non-profit organizations, colleges and universities received direct financial support in the form of grants, matching gifts or community involvement activities of Xerox people.

Our philanthropic efforts, carried out through The Foundation, support objectives within the following four categories:

- Employee volunteer activities: bolster communities through the coordinated volunteer efforts of Xerox Community members
- Education and workforce preparation: provide educational access to underserved minorities
- Science and technology: promote innovation through the support of institutions of higher learning in science and technology
- National and cultural affairs: support organizations dedicated to worthy causes and cultural enrichment

CARING FOR COMMUNITIES

Employee Volunteer Activities

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

Since the program began in 1974, thousands of Xerox people have been involved in regional, community-focused projects each year. In 2015, The Xerox Foundation invested over \$1.3 million in the Community Involvement Program, enabling 12,000 Xerox people to participate in 800 projects.

Outside of our employee volunteer programs, Xerox people also give their time and talent to a wide variety of causes. Here are a few examples:

- Xerox scientists participate in the Xerox Science Consultant Program, which sends our people into elementary schools to teach science to inquiring young minds and to ignite interest in science as a career.
- Xerox lawyers provide pro bono work to a wide range of non-profits.
- People across Xerox — from the C-suite to the factory floor — volunteer their time to help make our world a better place, whether by giving their time to a corporate board or by rolling up their sleeves and packing boxes for a holiday food and gift drive.

During 2015, 91.3 percent of our philanthropic investments were directed to institutions and organizations where someone from Xerox was personally involved.

No relationship better illustrates Xerox's commitment to community volunteers than the one we have with the United Way. In 2015, The Xerox Foundation gave \$1.7 million in grants to some 70 United Way organizations throughout the United States, including \$450,000 to the United Way of Rochester, New York. In addition, Xerox employees personally donated more than \$590,000 of their own money, as well as volunteer hours, to the United Way agencies and Day of Caring.

The grand total of Xerox's contribution to the United Way in 2015, combining Foundation grants and employees' donations, was more than \$2.2 million.

CARING FOR COMMUNITIES

Education and Workforce Preparedness

As part of a larger effort to support individuals pursuing technical degrees and help the U.S. address its shortage of scientists and engineers, we provide matching gifts to colleges and universities. In 2015, 366 different institutions received 1,116 matching gifts from The Xerox Foundation.

Investing in Education



To help train a new generation of scientists and engineers, The Xerox Foundation awarded grants to 366 different institutions throughout the U.S. in 2015. The top five beneficiaries of this program were the University of Rochester, the Rochester Institute of Technology, Rensselaer Polytechnic Institute, the University of Notre Dame and Stanford University.

Our support of education involves managing programs with a common theme: providing educational access to underrepresented minorities. In turn, this supports the strategic interest of the company by enabling us to recruit from a highly motivated, technically educated talent pool. In addition, our own people benefit by being involved on college campuses. The three programs are:

- The Black College Engineering Liaison Program awarded 20 grants to schools such as Howard University; Spelman College; Morgan State University; and Tuskegee University.
- The Hispanic College Liaison Program dispersed 21 grants to schools such as the University of Puerto Rico; City College of New York; the University of California; the University of Central Florida; the University of Texas; and the Rochester Institute of Technology.
- The Xerox Technical Minority Scholarship Program provided 128 scholarships to help deserving minority students complete degrees in engineering.

We also continued our partnership with the National Academy Foundation's Academies of Engineering. These "schools within schools" provide incentives for minority and female high school students to pursue college degrees and ultimately careers in science, technology, engineering and mathematics, the STEM principles.

In partnership with the National Merit Scholarship Corporation, The Xerox Foundation also awarded a total of 39 Xerox Merit, Xerox Achievement, National Merit and National Achievement Scholarships.

Other investments in education and workforce preparedness include:

- A Better Chance
- Prep for Prep
- National Action Council for Minorities in Engineering
- Monroe Community College (in New York)
- FIRST
- Catalyst
- United Negro College Fund
- Posse Foundation
- Hispanic Scholarship Fund
- American Indian Science and Engineering Society

CARING FOR COMMUNITIES

Science and Technology

At Xerox, innovation is our foundation for success. Academic organizations play an important role in the long-term strategic interests of the company by furthering scientific research and training the next generation of scientists. In 2015, Xerox scientists championed 32 grants to 26 different universities — 17 located in the U.S., and nine worldwide.

Grants worth more than \$1.2 million were recommended to university science programs by the Xerox University Affairs Committee, which consists of a dozen Xerox scientists from the U.S., Canada and the United Kingdom.

Our scientists, and the professors we funded, co-authored and published 20 research papers in leading academic journals.

Academic organizations play an important role in the long-term strategic interests of the company by furthering scientific research and training the next generation of scientists. This is why The Xerox Foundation supports many such organizations, including the University of Rochester and the University of Rochester/Wilmot Cancer Institute, the New York Hall of Science and the NYU Tandon School of Engineering.

In 2015, Xerox hosted 12 visits and researchers made 19 personal visits to universities in the U.S. and internationally, as well as 55 remote visits. As a result of the grant program, Xerox hosted eight interns in 2015.

CARING FOR COMMUNITIES

National and Cultural Affairs

Xerox supports a variety of organizations that address issues facing our nation, help those in need, or honor veterans or victims of national tragedies. We also support many cultural and arts institutions in the communities where our employees live and work.

Organizations that address national problems include:

NAACP Legal Defense and Educational Fund, Partnership for Drug-Free Kids, Paralyzed Veterans of America, National Center on Addiction and Substance Abuse, Minority Corporate Counsel Association and Asian American Legal Defense and Education Fund.

Cultural organizations include:

Kennedy Center, Lincoln Center, Ballet Hispanico, Stepping Stones Museum for Children, Garth Fagan Dance and many more.

Memberships

In 2015, we paid membership dues to 40 non-profit organizations, including Business Roundtable, Council on Foreign Relations, Conference Board, National Minority Supplier Development Council, American National Standards Institute and the Technology CEO Council.

Disaster Relief

We invest in the American Red Cross for its efforts to respond quickly and effectively to natural disasters. We invest in Save the Children and Concern Worldwide, bolstering their ability to address urgent humanitarian needs across the world. Over the last year, our support went to those affected by the Syrian refugee crisis.

Environmental Affairs

From habitat preservation to sustainability research and the promotion of environmental consciousness, we are committed to the protection of the environment for future generations. A grant to The Nature Conservancy helps continue pioneering work in promoting sustainable forestry practices in the Northern Boreal Forests of Canada.

Science and Technology

We support the New York Hall of Science, the NYU Tandon School of Engineering, the University of Rochester and the Rochester Institute of Technology.

Other grants benefit Outward Bound; The Maritime Aquarium in Norwalk, Connecticut; National Aquarium in Baltimore, Maryland; SUNY College of Environment and Forestry; SoundWaters and many other organizations such as Discovery Center, Mill River Park Collaborative and institutions that work toward the goal of a sustainable world.

EVOLVING THE WORKPLACE

Employee Engagement

When people believe they can make a difference in an organization, they are more motivated and effective at their jobs. That is why Xerox is committed to fostering open communication between employees and management.

We encourage one-on-one conversations between employees and supervisors. We also survey employees regularly to gather information that becomes the basis for improvements throughout the company. Our commitment to employee engagement creates an environment of open innovation that benefits our business and strengthens our contribution to global citizenship.

Voice of the Employee Survey (VOE)

For over 45 years, our senior teams have surveyed employees and acted upon that feedback. Our most recent VOE was administered in October and November of 2015. We received results from 61 countries in 20 languages. Sixty-six thousand employees from every division, every job function and every job level shared their thoughts and knowledge.



The objectives of the VOE were to assess the strength of the workgroup/manager relationship and provide insight into the things that are working well and highlight opportunities for improvement. Using the survey's feedback and insights helps us strengthen the communication channel between employees and Xerox, create a better experience with our clients and customers, and enable an effective and motivating work environment where we all can thrive.

There are four categories in the survey:

- **My Work:** Questions about the job, feedback, learning opportunities, the ability to take informed risks and personal job satisfaction
- **My Manager:** Questions about the manager's behaviors, expectations, communication, team building and the employee's perception of his/her leadership

- **Our Team:** Questions about how employees work together and collaborate
- **Our Company:** Questions about Xerox strategy and direction

In addition, two write-in questions ask people to describe 1) what they like best about working for Xerox and 2) where we as a company can improve.

At the conclusion of the survey 4,573 managers received a personalized report. In addition, 2,847 rollup reports were created for divisions, business units, departments, work groups and lines of business.

Since the conclusion of the survey, results have been shared and discussed with the Xerox Board and the senior leadership team. In addition, leaders across all organizations have taken a close look at employee suggestions and recommendations. Throughout 2016, we will create communications programs and tools to mitigate issues the VOE uncovered.

Highlights from the survey:

- Employees have a solid understanding of personal contributions to team goals.
- Managers make their expectations known and clear.
- Managers share the information needed for employees to do their job.
- Most employees feel personal accomplishment from their work contributions.
- Most employees feel they can make decisions that improve the quality of their work.

More importantly, the survey reveals areas for improvement. The 2013 survey identified two key areas of importance to our employees: ensuring fair pay and ensuring fair treatment in the workplace. In 2015, we developed programs to address each of those.

Topic	Program
Rewarding performance	Our Pay Review Process (in the first quarter of every year, beginning in 2015) formalizes our approach to employee pay reviews across all organizations and locations. We create industry-based pay guidelines for a variety of roles in each locale, then we examine employee performance and compare current employee pay to those guidelines in order to determine increases.
Ensuring fairness in the workplace	We established a Diversity and Inclusion Training Program to help ensure all employees are valued for their unique talents and contributions and treated with dignity and respect. Every member of the Xerox management team completed the program in the first quarter of 2015.

We are comparing current data against past years' to identify signs of progress and areas of improvement for 2016 and beyond.

EVOLVING THE WORKPLACE

Global Workforce

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

Total number and rate of U.S. new employee hires by age group and gender as of Dec. 31, 2015:

Age	Percentage
Younger than 25	38 %
25 to 34	33 %
35 to 44	14 %
45 to 54	10 %
55 to 64	5 %
65 and older	<1 %

New Hires

Women	Men
68 %	32 %

Hiring Practices

We hire from the communities in which we do business. We take care to research and comply with local labor laws to ensure the safety and happiness of all our employees around the globe. Candidates must be authorized to work in the country to which they are applying and be fluent in the language of the country where a job is based.

We never discriminate against applicants or employees because of age, race, religion, sex, disability, sexual orientation, gender identity, military status, pregnancy, national origin, veteran status, other legally protected characteristic or basis, or any unlawful means.

Compensation is based on merit, degree of responsibility, the scope of the work, the impact the role has on the company and other work-related criteria. We comply with all laws governing fair employment and labor practices.

Military Hiring Programs in the U.S.

We value the experience and skills acquired during military service. As part of a commitment to the White House Joining Forces Initiative, we pledged to hire 10,000 veterans by 2018; in 2015, we hired over 1,800.

Through our Heroes@Home program, we hire qualified veterans and military spouses for at-home employment opportunities.

We're proud partners with all branches of the military, the Military Spouse Employment Partnership (MSEP), the U.S. Chamber of Commerce and "Hiring Our Heroes" Career Fairs.

Learn more about our Military Hiring Program for transitioning military, retired military personnel, veterans with disabilities, and military spouses and family members at www.xerox.com/jobs/military-leadership/enus.html.

EVOLVING THE WORKPLACE

Diversity and Inclusion

At Xerox, diversity is not viewed as a mandate, but as 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.

Females in the Workplace Worldwide



We foster a culture of inclusion and opportunity, which is supported by a number of employee-focused initiatives and tracked through measurable actions.

Award-Winning Diversity

Year after year, Xerox is recognized for embracing diversity in the workplace. The following is a list of some of our acknowledgements from 2015 and 2016:

- “2016 50 Out Front Best Places for Women & Diverse Managers to Work” by *Diversity MBA Magazine*
- “40 Best Companies for Diversity” by *Black Enterprise Magazine*
- Best Companies to Work for LGBT employees by Human Rights Campaign Foundation (Xerox has consistently scored a perfect 100 percent on this index each year since its inception over a decade ago)
- *Black Equal Opportunity Employment Magazine*: “Best of the Best 2015” Employer Diversity, LGBT Diversity and Supplier Diversity
- “Top 100 Companies for Latinos” by *LATINO Magazine*
- “Top 50 Best Companies for Latinas” by *Latina Style Magazine*
- Canada’s “Best Diversity Employers” by MediaCorp Canada Inc.
- “Top 100 Companies for Veterans” by *Military Friendly Employers Magazine*
- “Recognized Veteran Friendly Employer” by *GI Jobs Magazine*
- Five-time 2020 Women on Boards’ Winning “W” Company, which recognizes the importance of board diversity
- Top Supporter of Historically Black Colleges and Universities (HBCUs) by the deans of the Accreditation Board for Engineering and Technology and the corporate-academic alliance members of Advancing Minorities’ Interest in Engineering (AMIE)

Executive Diversity Council

The Executive Diversity Council consists of senior leaders from across Xerox. The Council meets at selected times throughout the year to discuss matters such as:

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

In addition, select Council members may be involved in other diversity initiatives, such as the Corporate Champion Program, where senior executives are matched with employee caucus groups. The “champions” educate our senior management on their groups’ unique environmental perspective and community initiatives.

Independent caucus groups also play an important role in our diversity story. These caucuses, similar to networking and affinity 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. Six caucus groups currently address the concerns of employees who are African-American, Hispanic, Asian, women, African-American women, and/or gay, bisexual, lesbian and transgender.

Non-discrimination Policy

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

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

Scholarships and Recruitment

We grant more than 120 scholarships each year through our Technical Minority Scholarship Program, and we are reaching out to young people through programs such as the FIRST (For Inspiration and Recognition of Science and Technology) robotics competition and the Xerox Science Consultant Program that encourages broader interest in science and technology. We introduce Xerox career opportunities to the Hispanic student population at 45 universities and institutions and, to expand our recruitment efforts further, we are partnering with the Society of Hispanic Engineers. We have a similar university outreach program for recruiting African-American employees.

Equal Employment Opportunity

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

Representation of Women Around the Globe

Across all lines of business and around the world:

- Twenty-eight percent of our Executives are female
- Forty-one percent of our Managers are female
- Thirty-eight percent of our Board of Directors are women; all are over 50 years of age
- Women account for 51 percent of our employee population globally

Representation of Women and Minorities in the United States

2015 Representation in U.S.	Total Workforce	Executives	New Hires
Women	60 %	32 %	68 %
Minorities	48 %	15 %	60 %

U.S. Veterans

In 2015, four percent of the employees we hired in the United States were military veterans.

EVOLVING THE WORKPLACE

Compensation and Benefits

At Xerox, we have long understood our success depends on attracting and sustaining a healthy and productive global workforce. To that end, we offer well-rounded compensation and benefits packages that place value in the whole person.

Our comprehensive U.S. package includes competitive pay, healthcare benefits for employees and their families, a 401k savings plan with a company match, wellness resources and workplace recognition opportunities. We also offer employee assistance programs, healthcare coaching and advocacy support, adoption assistance, education assistance and tuition aid. Our paid-time-off program includes company-paid holiday and vacation benefits. We offer a variety of continuing education and learning opportunities to enhance personal and professional development.

Xerox supports time-off programs including personal leaves of absence, military leaves and family medical leaves in compliance with the U.S. Federal Family and Medical Leave Act of 1993.

Our pay philosophy in all countries supports both individual and business needs by providing our people with rewards that are linked to individual performance and company results. Our total compensation package includes all forms of cash (base pay, overtime and commissions), benefits and recognition. To ensure our pay and benefits packages remain competitive, we participate in numerous pay and benefit surveys. We offer the same benefits package to full- and part-time employees by region.

In the first quarter of 2016, we completed our second Annual Pay Review Process. This process formalizes our approach to employee pay reviews across all organizations and geographies. Following this process, we create industry-based pay guidelines for a variety of roles in each geography. Then we examine employee performance and compare current employee pay to those guidelines in order to determine increases.

EVOLVING THE WORKPLACE

Health, Wellness and Safety

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

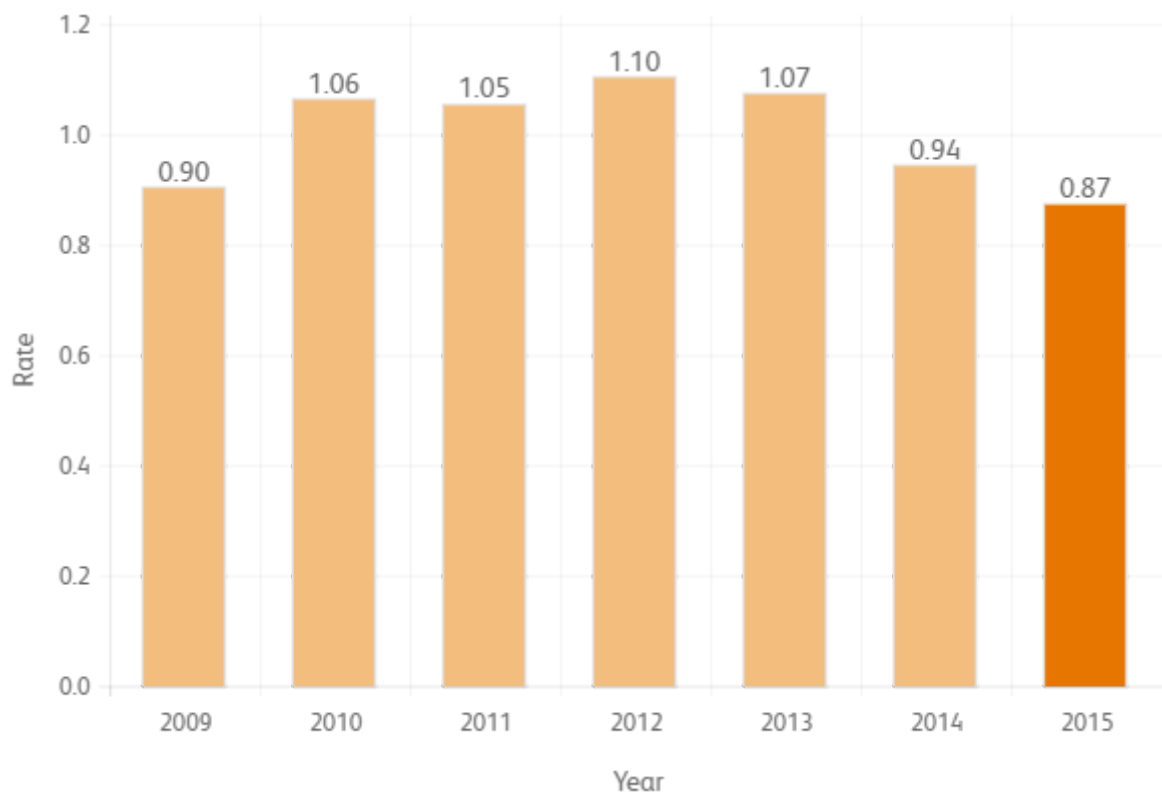
Healthcare

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

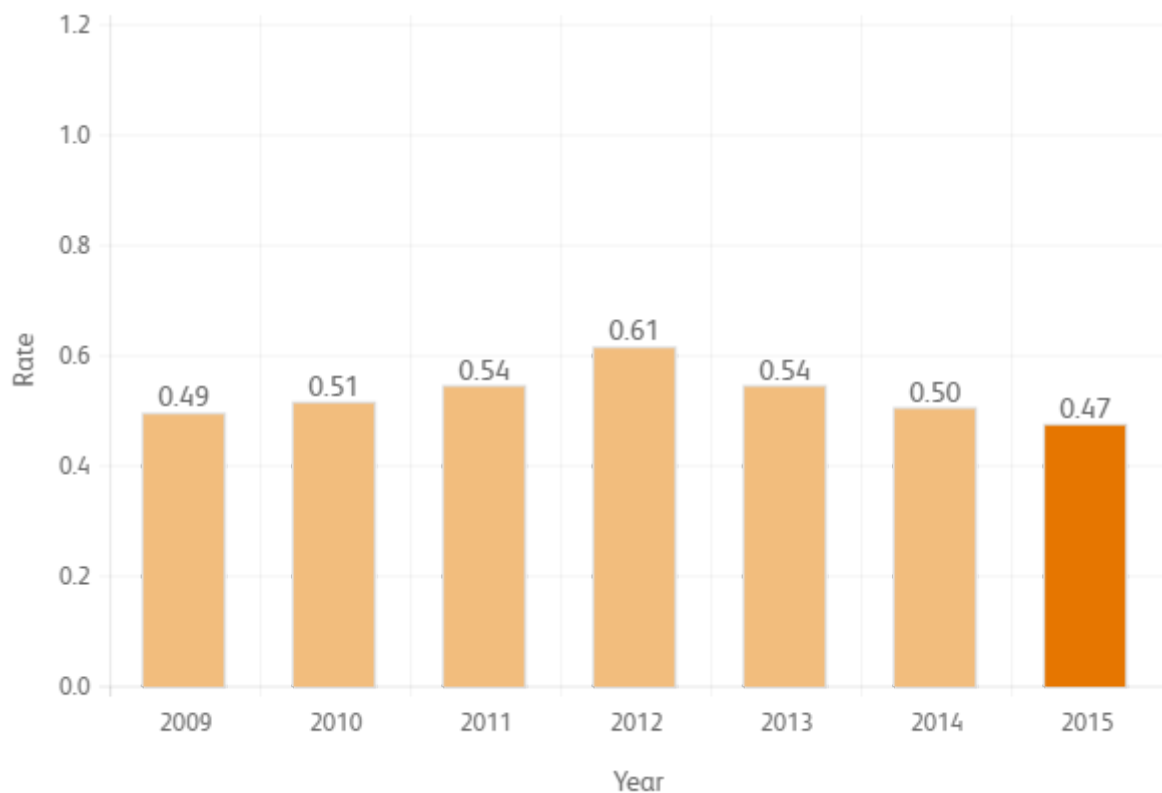
Employee Safety

Xerox is committed to maintaining a safe work environment for our people. We strive toward a goal of zero workplace injuries, continually decreasing the frequency and severity of injuries every year. In 2015, within our global Technology operations the total recordable injury (TRI) rate decreased by 7 % and day away from work case (DAFW) rate decreased by 6 % from 2014 levels. In addition, across all of our U.S. operations, the DAFW frequency rate decreased by 7 %, which is reflective of success in preventing the more serious injuries. We did experience one work related fatality in 2015, due to a motor vehicle accident on a public road. Overall, these improvements have continued since 2012 and are a result of the increased safety awareness and communications to our employees and focused safety management processes within our management teams.

Total Recordable Incident (TRI) Rate



Day Away from Work (DAFW) Rate



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

We continued to be successful in integrating many corporate safety management processes into our Services organization, including injury recordkeeping, workplace inspections, fire and life safety, ergonomics and emergency preparedness. This integration has established common objectives and standardized the management processes for key employee safety disciplines.

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

Safe Facilities

In order to ensure fire and life safety attributes are in place in the buildings we own and lease, all real estate transactions are reviewed by the Environment, Health, Safety and Sustainability (EHS&S) organization prior to occupying. Xerox fire safety and life safety requirements have been established regardless of location in the world, size of facility or occupancy classification. The focus of the safety review is fire and incident prevention, early detection, suppression, occupant notification and prompt emergency response. These reviews are linked with the implementation of building specific emergency preparedness planning and drills.

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 on a rolling average of once every three to five years (or sooner, based on performance). The frequency and the focus of the audits are based on the type of operations and the inherent risks associated with the operations. In 2012, we added our Services operations to this audit schedule.

Xerox audit teams evaluate operations against our internal standards, external regulations and industry guidelines. Beginning in 2010, the teams also evaluated management system performance. With the assistance of the local managers and support staff, action plans are developed and deficiencies corrected. Senior management pays particular attention to situations with the potential to pose a significant risk of environmental damage, serious injury to employees or regulatory non-compliance. In 2015, we met our goal of resolution of these issues within 90 days and continued to demonstrate that the audit program has become an important mechanism for identifying and correcting performance gaps.

Establishing an Audit Process for our Services Sites

33 countries • 215 Locations • 130 International + 85 US (25 %)



Adding Services to the Mix

Our Services operations are located in approximately 500 sites worldwide. Initially, EHS&S was engaged in audits of a limited number of facilities between 2010 and 2012. In 2013, EHS&S set out to complete audits of all 130 international Services locations and worked with various value chain partners including Global Real Estate and Facilities, Human Resources, and local operations management to address any issues that were identified.

In 2014 and 2015, audits were completed at 85 U.S. locations, for a total audit count of 215. In order to establish a consistent level of EHS&S performance worldwide, a common set of facility requirements was developed that applies across all geographies, taking into account existing life safety and building codes as well as specific regulatory requirements that may apply in different parts of the world.

The on-site review of these locations provided significant insight into the variety of business operations, facility and/or management issues and best practices that could be used to improve overall performance. Outside of the U.S., due to the large variation in local regulations, the audits identified a number of sites requiring some sort of physical upgrade, modification or intervention to meet safety and environmental requirements. Corrective actions for all of these locations have been completed.

Consistent application of accepted life safety and building codes within all 50 U.S. states means fewer physical issues were identified. However, some operational management process deficiencies were identified and are currently being addressed.

Now in the control phase, the Services operations audit project will include on-going assessment, on-site spot checks and continued outreach. Site operations and facility management will be required to complete an annual self-assessment and provide supporting documentation as evidence of ongoing compliance. In addition, processes are in place to ensure that acquisitions are thoroughly evaluated to ensure that new facilities meet appropriate standards.

Emergency Preparedness

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

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

Shelter-in-Place procedures, already in place in our Technology sites, are being rolled out to our Services sites to protect our employees from emergency situations that occur outside of our facilities.

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

All preparedness plans are regularly 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 business operations are quickly restored after an incident.

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 as well as accident prevention and reporting processes. Employee driving records are reviewed on a regular basis, and we provide remedial motor vehicle safety training to improve awareness and competency. Motor vehicle accidents are tracked by frequency and type and are reported to the management team.

We also participate 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. Texting is forbidden while the vehicle is moving. Employees who need to use their phones in the car are instructed to find a safe place to stop.

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

Ergonomics

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

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

- **Manufacturing Operations:** Workstation evaluations are conducted in Xerox facilities worldwide for ergonomic hazards based upon risk profile and injury experience. Ergonomic enhancements such as tilt tables, lifts and hoists make it easier for employees to maneuver parts and equipment during assembly.
- **Machine Service:** Xerox Customer Service Engineers' (CSEs) exposure to ergonomic hazards has been studied. The findings have helped us select tools and develop procedures to mitigate risk of musculoskeletal disorders. Throughout the equipment design process, evaluations are done to assess risks for our CSEs. The best time to make a modification is when a product is still in the design or early test phases.
- **Office Ergonomics:** Our largest employee population is office-based. Raising awareness and helping employees make effective workstation changes is critical to minimizing risk for this population. We created computer-based training on ergonomics principles and practices. This method of delivery enables employees to go through needed training programs at a time that minimizes business interruptions. For employees that require additional ergonomic technical assistance due to workplace injuries or medical accommodations, we have partnered with a third-party consultant to conduct more detailed ergonomic assessments. By leveraging this consultant we are able to better support a larger geographic area. We also continue to focus on ways to unify the ergonomics program across all sectors of business.

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-valued locations at a "Highly Protected Risk" standard. In addition, locations are reviewed for conformance to Xerox standards and recognized fire and life safety standards. We continue to demonstrate strong 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 environmental, health and safety requirements. Contractors are qualified to the safety and health requirements prior to beginning work at a Xerox location. Contractors are required to submit a job safety plan and workers on U.S. Xerox sites attend an orientation session. Incidents and injuries are tracked both as feedback and to measure program effectiveness. Although first established at our Rochester, New York, operations, this model has been applied successfully to many of our larger locations.

Xerox also functions as a contractor for many Xerox client accounts. We have in place internal safety standards and establish safety plans, deliver specific employee training and maintain management oversight to ensure operations meet both Xerox and client requirements.

Workplace Health Management

Our workplace health programs include processes for emergency medical response, the characterization of employee fitness for duty, illness prevention, pre-employment drug testing and health and wellness promotion.

Programs are in place for conducting medical exams in connection with safety-sensitive work, and drug testing and immunizations based upon specific work operations and client accounts. EHS&S and Corporate Risk Management partner on managing accommodations and post injury or disability return to work processes.

Preventing and Monitoring Workplace Exposures

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 hygiene and safety professionals monitor, assess and report workplace exposures. Effective process design, engineering controls, safe job procedures and personal protective equipment are used to control exposures and protect employee health. Medical surveillance programs are in place to monitor the health of employees working in operations with specific jobs and hazards (e.g., high noise, organic solvents). Results of those medical exams are reviewed to ensure no adverse health effects.

Of the workplace exposures monitored in 2015, approximately 99 percent were within Xerox limits. All were within regulatory limits or were controlled through the proper use of personal protective equipment where engineering controls were not possible.

Environment, Health and Safety Project Reviews

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

EVOLVING THE WORKPLACE

Talent Management and Workforce Development

At Xerox, we've built a culture around learning. Rather than simply "delivering training," we integrate learning into day-to-day work. Our employees have access to a library of learning tools aligned with our corporate vision, values and business direction. So whether an engineer wants to brush up on writing and editing or an accountant wants to learn what it takes to be a manager, employees can delve into what interests them and take ownership of their own development.

We rely on the expertise of our workforce to remain competitive and thrive. For us, learning is about much more than just delivering training.

Our key priorities include:

- Integrating learning with work
- Building a culture of learning
- Fostering ownership of high-performance and career-focused learning among employees

Career Planning

We want employees to have rewarding careers at all levels, and our learning strategy and assets play an important part in making sure they do. Managers and employees work together to build individualized learning plans. In addition, we are developing our next generation of leaders. When managers identify an emerging leader on their team, they work with the individual to plan future learning, education and job roles. In addition, they alert their own management team about the emerging leader.

Each year, our CEO and her senior team discuss individual performance and career paths with those who are poised to assume key management roles. Our Human Resource Development Council provides a forum for senior management to review the future needs of the organization, noting strengths, gaps and strategies to build strong teams for years to come.

Learning Resources

All employees (plus authorized business partners) can access our online learning environment, Learning@Xerox. This includes resources for many industry and Xerox proprietary certifications. In addition to on-demand virtual learning, we offer face-to-face and virtual instructor-led classes, online collaboration, user-generated sharing, customized online portals and performance support to our people worldwide.

On-the-job training is tailored to improving current capabilities as well as building a foundation for the future. These experiences provide hands-on opportunities to expand and enhance skills.

We also encourage employees to participate in advanced degree and certification programs and, in some cases, offer support.

We realize that a strong employee onboarding experience for new hires is important for their success. The experience combines aspects of education about Xerox culture and values with guidance about critical elements like benefits and direct deposit. Targeted learning paths cover topics such as ethics, diversity and inclusion, and security, as well as organization and critical job-specific information.

Asset Access

During 2015, 1.2 million learning assets were accessed through Learning@Xerox by our employees and partners. Xerox employees and authorized partners have round-the-clock access to a collection of approximately 750,000 learning resources, including videos, online classes and digitized books. XstreamVideo, our video-sharing platform, contains more than 11,000 videos created by Xerox employees which increase workforce engagement, allow our people to identify and promote innovative solutions and accelerate the adoption of successful business strategies.

We are currently working to improve our tracking and reporting process for employee training that occurs outside of our Learning@Xerox environment.

Learning@Xerox is our web-based global learning platform that supports both formal and informal development needs.

Xerox provides learning portals with curated resources targeted to specific employee population needs. Each portal is aligned to our workforce development strategy. In early 2016 we launched Leading@Xerox, an enterprise gateway to enable the targeted development of leaders at all levels. Leading@Xerox provides a carefully selected collection of internal and external learning resources, including videos, courses, books, and audio books for each level of leadership.

We evaluate all learning activities to ensure they contain relevant knowledge, fill skill gaps and promote the development of our employees. We assess the impact on our business through Competency Development Impact studies, which help us understand how our training enhances productivity.

Our global learning and development have been recognized by the human capital development industry for thought leadership and spotlighted in publications such as *Training Magazine*, *Elearning! Magazine*, and *Chief Learning Officer Magazine*. We have received industry recognition from Bersin by Deloitte as a “Learning Leader” and won the WhatWorks® Award. Our XstreamVideo platform was profiled by CEB as a leading example of enabling workforce knowledge sharing.

In 2015, Xerox was recognized as a learning leader through participation in the White House summit focused on the President’s Upskill America initiative. The commitment to our workforce was referenced in the associated [White House report](#).

EVOLVING THE WORKPLACE

Employee Rights

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

We recognize our employees are our greatest asset. We continually strive to provide all of 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 of our employees are to be treated fairly and equitably regardless of nationality, religion, ethnic origin, gender, sexual orientation, language or any other protected status.

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

- In Europe, we recognize a variety of work councils and trade unions as established under European labor laws to meet requirements for information and consultation for the protection of employee rights. Of the nearly 20,000 employees in Europe, approximately half or 10,396 are covered.
- In the United States and Canada, we maintain a cooperative and effective relationship with five unions that represent nearly 1,500 employees in 8 locations: Workers United, the International Union of Operating Engineers (IUOE), Communications Workers of America (CWA), the United Brotherhood of Carpenters, and the Service Employees International Union (SEIU), through a Cooperative Agreement with Workers United.

Operational Changes to Collective Agreements

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

Grievance Processes

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

PUTTING CUSTOMERS FIRST

Customer Satisfaction

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

Relationship Surveys

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

Transactional Surveys

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

Tracking Customer Satisfaction

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

Social Media

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

- The [Xerox Support Community](#) offers a peer-to-peer forum where customers and other industry professionals can collaborate about Xerox equipment and software. Customers may also access this online community with their mobile devices, enhancing their support experience with social networking on the go.
- The [At Your Service blog](#) provides customers with a light-hearted and insightful look into equipment features and services.
- Xerox's latest support news is shared with followers of the [@XeroxSupport](#) Twitter handle. Customers may also engage with us for product information and technical assistance.

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

Xerox Corporate Focus Executive Program

The Xerox Corporate Focus Executive Program fosters relationships with our top corporate accounts. A senior Xerox executive is assigned to collaborate with our account team to understand customer

requirements, establish and implement strategic account plans, marshal resources to eliminate customer concerns and build strong, productive customer partnerships that enhance customer satisfaction and accelerate revenue growth.

Executive Customer Care Program

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

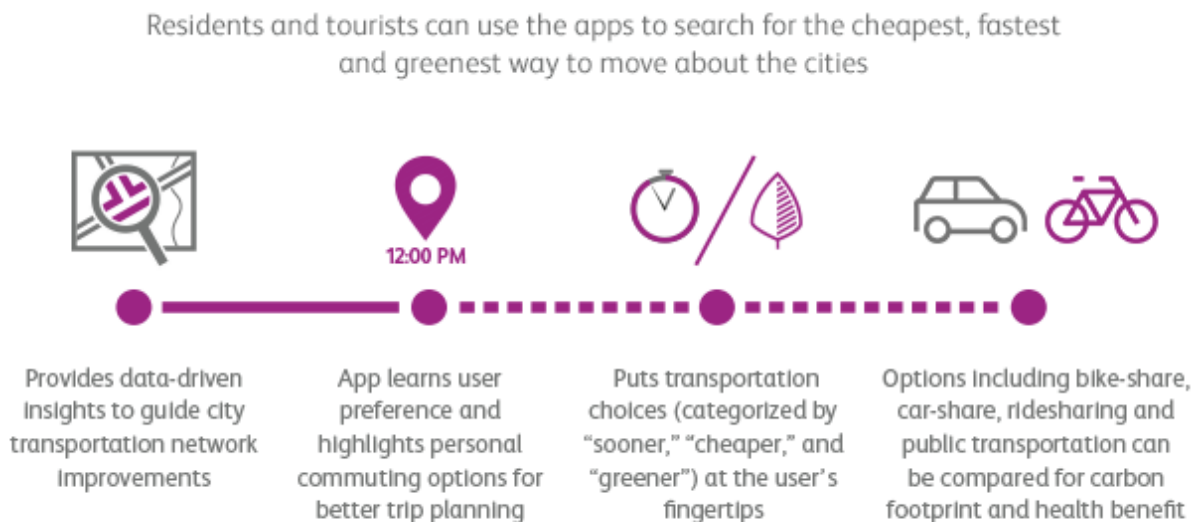
The officer, supported by a team of dedicated professional problem solvers, assumes personal responsibility for assisting with any and all customer concerns. The officer of the day has three main priorities: listen to the customer, address the customer’s problem and take the necessary action to fix the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

PUTTING CUSTOMERS FIRST

Innovative Solutions

Innovation is more than a buzzword at Xerox. It's what we use smartly and strategically to help the world tackle many daunting and laborious tasks. Our mission and heritage to help our customers be more successful has led us on a fascinating journey where we innovate services, technologies and solutions that improve the flow of work, help our environment and enhance people's lives.

Xerox GoDenver and GoLA apps use innovation and analytics to get a grip on urban growth.



We have more than 600 researchers and engineers at Xerox. Since we acquired Affiliated Computer Services in 2010, many of these individuals have shifted focus to our Services business. We've developed more than two-dozen technology platforms to drive our business. These platforms support more than 100 customer offerings, such as the Merge™ parking platform, Mobile Analytics Platform, CitySight®, Maven® Outbreak Management Software and the Xerox® Program Integrity Validator. Today, approximately 40 percent of our patent filings are in support of our Services offerings.

Customer Dreaming Sessions

In the words of Sophie Vandebroek, Xerox Chief Technology Officer and President of the Xerox Innovation Group, "Something is only an innovation if it makes a difference to our clients or to the world." So the question is, how do you know what delights your customers? In our case, we ask them.

At Xerox, we view our customers as partners in innovation. Our researchers observe customers and their clients directly in their work environments and employ ethnographic methods to identify needs and pain points. Last year, we conducted nearly 200 customer events with more than 2,500 participants. More than half of those interactions were dreaming sessions, where researchers and customers get together to explore the future of the customer's business and identify the key issues.

From those deep dives spring ideas that develop into business opportunities. For example, we're working on ways to make it easier to harness data from images. Scientists and engineers from our four global research centers are applying advanced image processing, sophisticated algorithms and predictive

analytics to a range of industries, including transportation and healthcare.

The Merge® Parking Management System, deployed in downtown Los Angeles, is one example of a solution built on Xerox innovation. This first-of-its-kind system gathers and analyzes data from smart meters, off-street parking lots and more than 6,000 on-street parking sensors to provide a complete picture of parking demand. Motorists use their smartphones and vehicle navigation systems to obtain real-time information on parking rates and available parking spaces, and to make payments. In addition, smart-pricing algorithms adjust parking rates based on demand. This demand-based pricing helps eliminate congestion by offering incentives to drivers to use a different mode of transportation or park farther away.

Xerox is developing an easy-to-use transit solution, called Xerox Seamless™, which will provide a new, disruptive model for public transport mobile payments. Operators would simply install Near Field Communication (NFC) tags provided by Xerox on their transport network. The tags use a patented method, developed by Xerox research and development teams based in Grenoble and Valence, France, to secure the encrypted transactions and transmit them even without network connectivity.

The Xerox Seamless solution will come with a smartphone app that makes it easy for public transport customers to manage their travel. Travelers will simply download the Seamless app and register. Billing will be processed automatically, based on the trips completed on the various transport providers.

PUTTING CUSTOMERS FIRST

Safe Services and Products

Safety has always been a cornerstone of our work in product development. Our comprehensive Product Safety Plan details specific requirements and all Xerox imaging equipment is assessed for conformance to these requirements. We assess all potential hazards, including the ways in which different hazards may interact. We take a conservative position on potential health risks to employees and customers, always meeting or exceeding government safety regulations. We have robust processes for tracking regulatory violations and non-conformity with voluntary codes and labels.

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

Ergonomic Design

We consider the ergonomic aspects of our products from both a user and a service standpoint to ensure inclusion and operability. Our design teams consider all points of human interface, including a product's height, curves, placement of touch screens and paper trays. Customers work directly with the designers in our labs to test and continually improve the usability of new products.

Machine Emissions

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

Toner Study

In 2013, we concluded a comprehensive investigation that lasted more than three decades on the health risks of inhaling xerographic toner. The studies included assessments of the health of current employees and an assessment of the causes of death for people who worked for the company between 1960 and 1982. The analyses demonstrated that the health and mortality patterns of Xerox employees are consistent with a healthy working population, and in fact, our employees had a lower rate of disease (i.e., are healthier) than the general population. In October 2010, the mortality study was published in the peer-reviewed Journal of Occupational and Environmental Medicine.

PUTTING CUSTOMERS FIRST

Data Privacy

At Xerox, we take the utmost care to prevent the unauthorized use or disclosure of information our customers provide.

Our success depends directly on the extent to which our customers trust us to manage their business processes. We have policies and controls in place to ensure privacy protection for our customers' personally identifiable information. Our policies follow industry best practices, like the use of encryption technology and data loss protection software.

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

- Canadian Personal Information Protection and Electronic Documents Act
- European Union Directive 95/46/EC on the protection of personal data
- U.S. "Safe Harbor" framework, which was negotiated between the U.S. Department of Commerce and the European Commission as a way for U.S. companies to provide privacy protection as required by Directive 95/46/EC
- Applicable U.S. federal and state privacy laws

We govern our privacy practices through the Xerox Ethics Hotline and independent external sources, such as the Better Business Bureau and EU Safe Harbor programs. Both resources give customers and employees an outlet to report any concerns about the potential misuse of data.

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

PUTTING CUSTOMERS FIRST

Cybersecurity

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

Our cybersecurity strategy has five major components:

Data-centric protection

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

Standards-based management

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

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

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

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

Continuous assessment

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

Cybersecurity incident response

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

- Identify whom to notify internally

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

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

Cyber risk management

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

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

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

PUTTING CUSTOMERS FIRST

Accessibility and Mobility

Xerox was the first in the print industry to design products that were accessible and easy to operate, and we are committed to upholding that standard for the products and services we provide today. To make our systems more accessible for people with disabilities, we have developed accessories such as angled consoles, magnifying lenses for visually impaired users, Braille console labels and “start print” foot switches. Software for embedded web servers and print drivers is specifically designed to be compatible with screen readers to allow people with visual impairments to operate them. We strive to continually improve our performance in the area of accessibility and adapt products so that ease of use is not compromised.

In 1998, 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 established a rigorous process to evaluate our products’ compliance with Section 508.

In the near future, there will be changes to the Section 508 rules and new input from the European Union and the Far East. [Learn more](#) about our efforts to meet Section 508 accessibility requirements.

Today, we are focused on increased mobility 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 technologies — such as mobile print solutions and predictive analytics used to improve the ease of municipal parking — are enhancing mobility and easy access to information.

DOING GOOD BUSINESS

Governance

The Xerox Board of Directors represents the interests of our shareholders in the successful operation of the company. The Board also oversees the management of Xerox to ensure the vitality of the company for our customers, employees and the other individuals and organizations that depend on us. The Board is accountable for ensuring that Xerox executes its responsibilities in a legal and ethical manner in any business environment.

Oversight of our commitment to global citizenship rests with the Corporate Governance Committee of the Xerox Board of Directors. The Committee reviews significant shareholder-relations issues and environmental and corporate social responsibility (CSR) matters, and ensures that our actions align with our core values and priorities for citizenship. To that end, members of the Board have reviewed a detailed outline of this report and support its content.

In 2015, Xerox strengthened its governance model by formalizing operation of a CSR Steering Committee and a CSR Council. The Steering Committee is ultimately accountable to the Board.

The Steering Committee, which includes three Corporate Officers reporting directly to the CEO, sets corporate priorities, defines strategy and provides direction to the CSR Council. The CSR Council is composed of senior executives with responsibility and subject matter expertise in CSR elements, such as environment, labor and supply chain. Each member of the CSR Council leads a working group that is cross-organizational and cross-functional. The CSR Council's charter ensures consistent responsibilities and coordination across workgroups. Meeting cadence for both the CSR Council and the CSR Steering Committee is established at the start of each new year.

Read more about Corporate Governance at www.xerox.com/governance.

Board Independence

Based on standards for independence developed by the New York Stock Exchange, the Xerox Board is currently approximately 87.5 percent independent. It includes one non-independent director: Xerox Chairman and CEO, Ursula M. Burns.

The Board appoints one of the independent directors to serve as the lead independent director whose responsibilities include: presiding at executive sessions of the independent directors; calling special meetings of the independent directors as needed; addressing individual Board member performance matters as needed; and serving as a liaison on Board-wide issues between the independent directors and the Chief Executive Officer as needed.

Criteria for Membership

The Corporate Governance Committee of the Xerox Board considers candidates for Board membership recommended by Board members, management, shareholders and others. The Corporate Governance Guidelines require that a substantial majority of the Board should consist of independent directors, and that management representation on the Board should be limited to senior company management.

Although no specific minimum qualifications must be met by prospective candidates, the Corporate Governance Committee applies criteria set forth in our Corporate Governance Guidelines. The criteria include, among other things, the candidate's broad perspective, integrity, independence of judgment,

experience, expertise, diversity, ability to make independent analytical inquiries, understanding of the company's business environment and willingness to devote adequate time and effort to Board responsibilities. Nominees should bring a variety of business backgrounds, experiences and perspectives to the Board. The Corporate Governance Committee does not assign specific weights to particular criteria, and no particular criterion is necessarily applicable to all prospective nominees.

Director Election

Each director stands for re-election every year at the company's annual shareholder meeting. In an uncontested election, each director is elected by the affirmative vote of a majority of the total votes cast for the director. Any incumbent nominee who receives a greater number of "votes against" than "for" his or her election is required to submit his or her resignation promptly. The remaining independent directors then evaluate relevant facts and circumstances and determine whether to accept or reject the resignation. Following the official results of the election, the Board is required to promptly disclose, in a filing with the Securities and Exchange Commission (SEC), its decision and the reasons for the decision.

Requirement for Ownership of Shares

All non-employee directors are expected to establish a meaningful equity ownership interest in the company. This equity ownership interest is achieved by paying each director's annual equity retainer in Deferred Stock Units (DSUs). By serving on the Board of Directors for a period of approximately two years, a director would hold DSUs equivalent in value (as of date of grant) to at least three times a director's current annual cash retainer. The longer a director serves on the Board and is paid an equity retainer in the form of DSUs, the larger his/her equity ownership interest in the Company becomes because, by their vesting terms, all DSUs are required to be held by directors until a year after leaving the Board.

Access to Management, Employees and Advisors

Board members have complete access to the company's senior management and other employees and, at the company's expense, are authorized to obtain advice and assistance from outside professional advisors of their choosing.

Interaction with Stakeholders

Board members are expected to attend the company's annual meeting of shareholders and be available to speak with Xerox stakeholders. To communicate with the non-management directors, you may directly contact the Chairman of the Xerox Corporate Governance Committee at the "Contact the Board" link at www.xerox.com/governance.

Executive Sessions of Outside Directors

Each regularly scheduled Board meeting includes an executive session of only the independent directors.

Board Committees

Xerox has four standing committees: Audit, Compensation, Corporate Governance and Finance. Each is composed entirely of independent directors.

The purpose of the Audit Committee is to assist in Board oversight of the following:

1. Integrity of the company's financial statements
2. Compliance with legal and regulatory requirements
3. Company's risk assessment policies and practices, including the Enterprise Risk Management (ERM) process, and preview the ERM assessment and process for subsequent review by the Board

4. Independent auditors' qualifications and independence
5. Performance of our independent auditors and internal audit function
6. Code of Business Conduct and ethics
7. Preparation of the Audit Committee report to be included in our annual proxy statement

The Compensation Committee performs these duties:

1. Discharges the responsibilities of the Board relating to compensation of the company's officers
2. Oversees the evaluation of the Chief Executive Officer and other executive officers
3. Sets the compensation of, and reviews and approves performance goals and objectives for, the Chief Executive Officer and other executive officers
4. Oversees the development and administration of the company's executive compensation plans
5. Prepares a Compensation Committee report required by the applicable SEC rules
6. Consults with the Chief Executive Officer and advises the Board with respect to senior management succession planning
7. Exercises the sole authority to retain and terminate the consulting firms engaged to assist the Committee in the evaluation of the compensation of the CEO and senior management
8. Oversees the work of the compensation consultants and determines the compensation to be paid to any such consultants
9. Assesses the independence of any compensation consultants
10. Reviews and approves employment, severance, change-in-control, termination and retirement arrangements for executive officers

The Corporate Governance Committee performs these functions:

1. Identifies individuals qualified to become Board members
2. Recommends to the Board individuals to serve as directors of the company and on committees of the Board
3. Advises the Board with respect to Board composition, procedures and committees
4. Develops, recommends to the Board and annually reviews a set of corporate governance principles applicable to the company and reviews significant environmental and corporate social responsibility matters and significant shareholder relations issues
5. Evaluates and makes recommendations to the Board with respect to the compensation of directors
6. Oversees the annual evaluation of the Board and committees
7. Administers the company's related Person Transactions Policy

Finally, the Finance Committee is responsible for reviewing the following:

1. The company's cash position, capital structure and strategies, financing strategies and insurance coverage, and dividend policy
2. The adequacy of funding of the company's funded retirement plans and welfare benefit plans
3. The company's policy on derivatives, including an annual review as to whether the company and its subsidiaries shall enter into swap and security-based swap transactions that are not cleared with a Commodity Exchange Act registered clearing organization

The purpose and responsibilities for each of these committees are outlined in committee charters adopted by the Board, at www.xerox.com/governance.

DOING GOOD BUSINESS

Ethics and Integrity

Our commitment to business ethics represents more than a declaration to do the right thing. It has become an integral part of the way we do business. In 2001, we established a Business Ethics and Compliance Program to make sure Xerox employees and all those working on behalf of the company follow the highest ethical standards. The program aims to prevent, detect and address potential violations of Xerox's Code of Business Ethics and its policies, laws and regulations.

Business Ethics and Compliance Program

To oversee all ethics-related activities, Xerox established a Chief Ethics Officer who reports to senior management and the Board of Directors. In addition, the Xerox Ethics and Compliance Governance Board was formed to integrate the Business Ethics and Compliance Program into worldwide business operations. The Ethics and Compliance Governance Board represents business and corporate organizations within Xerox and its subsidiaries, and participates in quarterly meetings chaired by our Business Ethics Office.

Each board member has the following duties within his/her area of responsibility:

- To establish a business ethics and compliance network
- To implement ethics training and education programs
- To ensure consistent enforcement of discipline policy
- To ensure that organization-specific policies are consistent with existing laws, the Xerox Code of Business Conduct and other company policies
- To oversee and make recommendations for changes to Xerox policies, including the Business Ethics and Compliance Office Charter
- To evaluate ethics and business conduct issues and trends to proactively address potential problems
- To attest annually that organizational ethics and compliance programs are effective and all employees have completed required business conduct training and acknowledgements

Code of Business Conduct

Our Code of Business Conduct serves as the foundation of our 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 18 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, 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."

In addition to our global Code of Business Conduct, we have a supplemental code of conduct for finance employees and a specific code of conduct for the Board of Directors. As a member of the Electronic Industry Citizenship Coalition, Xerox uses the Electronic Industry Code of Conduct (EICC) as our supplier code of conduct.

Key Components

At the start of every year, our CEO distributes a message on business ethics to all employees. All employees must complete ethics training annually and acknowledge that they have read the Code of

Business Conduct. At the same time, officers and senior managers must certify that they are in compliance with our Code of Business Conduct and have processes in place to support the company's Business Ethics and Compliance Program.

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

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

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

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

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

Matters Reported to Business Ethics and Compliance Office

Matters Reported	2012	2013	2014	2015
Human resources	54 %	56 %	53 %	60 %
Internal policy violations	7 %	7 %	5 %	3 %
Fraud	4 %	5 %	7 %	5 %
Misappropriation of assets	2 %	3 %	3 %	3 %
External relationships (customers, agents, vendors, etc.)	7 %	6 %	5 %	5 %
Conflict of interest	4 %	4 %	4 %	3 %
Confidential information	2 %	2 %	2 %	2 %
Accounting and financial reporting	2 %	2 %	4 %	2 %
Policy inquiries	7 %	6 %	6 %	7 %
Other	10 %	9 %	9 %	10 %

Anti-Corruption

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

Banknote Anti-Counterfeiting

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

Black Market Supplies

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

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

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

DOING GOOD BUSINESS

Human Rights

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

Our Code of Business Conduct supports the principles of The United Nations Universal Declaration of Human Rights. We make sure those principles 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.

Xerox is a member of the Electronic Industry Citizenship Coalition (EICC), an organization that promotes a standards-based approach for monitoring the social responsibility of suppliers. Through the EICC, we further our commitment to human rights in such areas as labor, health, safety and environmental activity. [See Supplier Relations](#) for more information.

We also manage a comprehensive data privacy program. We take utmost care to preserve protection of customer and employee personally identifiable information. [See Data Privacy](#) for more.

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

DOING GOOD BUSINESS

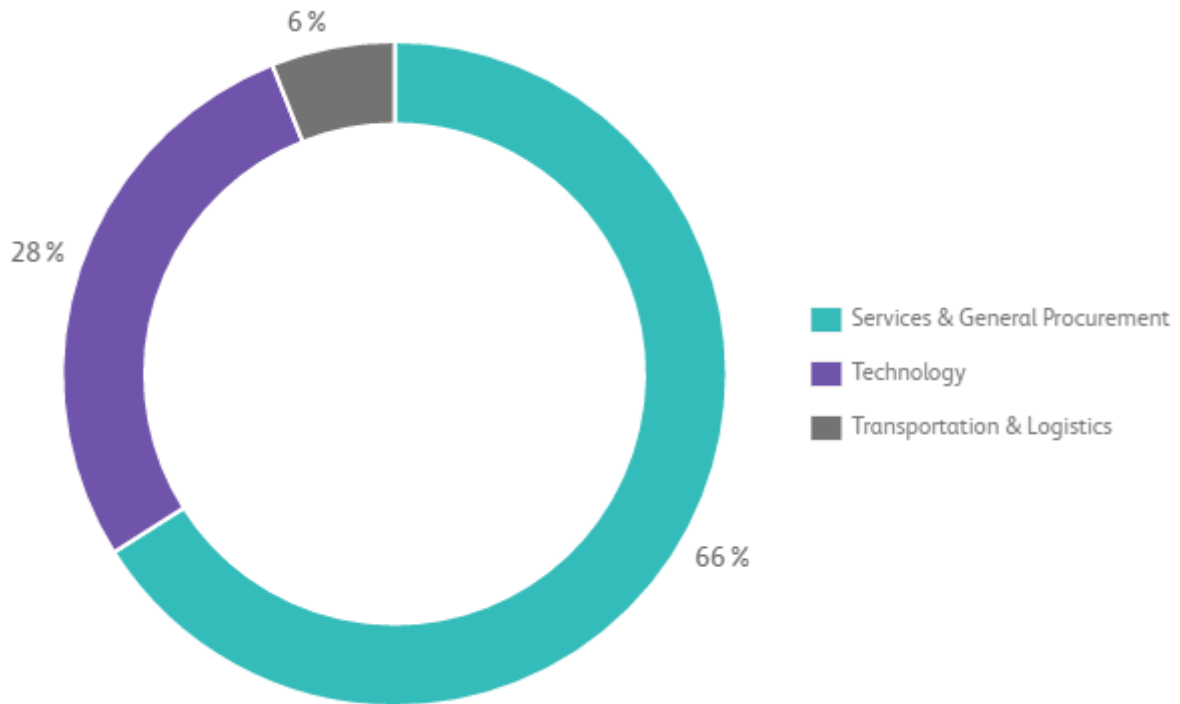
Supplier Relations

Social responsibility is ingrained in our business model starting at the very beginning — with our supply chain. As a major organization spending approximately \$9 billion per year to support our operations, we feel an obligation to actively manage our global supplier base and ensure these critical partners meet our high ethical standards.

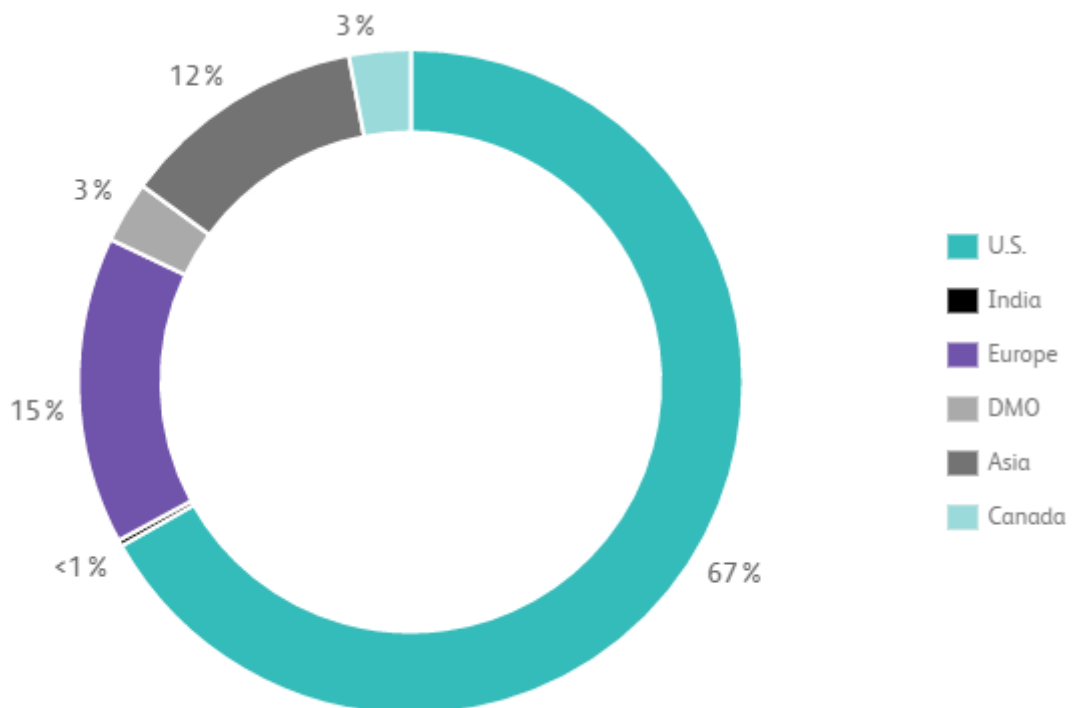
As a part of the purchasing process, we assess the quality, cost, delivery and sustainability of all products and services. Across the U.S., Europe and Asia, Xerox employees source, contract and purchase everything from transportation to technology. Our often local presence encourages direct interaction with our suppliers.



2015 Supplier Spend: \$9 Billion



FY2015 Spend by Region



In 2015, we sourced the vast majority of our needs from the suppliers listed below.

Name of Company	Sustainability Site	Sustainability Report
Fuji Xerox Co. Ltd.	Fuji Xerox Sustainability	2015 Sustainability Report
Flextronics International	Flextronics Social Responsibility	2015 Global Citizenship Report
Samsung Electronics	Samsung Sustainability	2015 Sustainability Report

Supplier Code of Conduct

Our Supplier Code of Conduct and Compliance Program are the primary tools we use to ensure ethical management in our supply chain.

In 2006, we began working with the Electronic Industry Citizenship Coalition (EICC), whose [Code of Conduct](#) sets industry standards on social, environmental and ethical issues in the electronics industry supply chain. In 2008, we became an official member of the EICC. We have adopted the EICC Code of Conduct as our Supplier Code of Conduct, and Xerox serves on the EICC Senior Executive Advisory Council.

We continually reinforce the importance of the Supplier Code of Conduct to our supplier base. We incorporate standards from the Supplier Code of Conduct in purchase agreements. We run a risk assessment and require suppliers to participate in the Xerox Compliance Program. Finally, we send an annual communication to our entire supplier base.

The Xerox Compliance Program upholds our Supplier Code of Conduct and our [Supply Chain Transparency Statement](#). The following are components of the Compliance Program:

- All suppliers are subject to an initial risk assessment, which is based on objective criteria.
- Suppliers flagged in the risk assessment — in addition to suppliers deemed critical to our supply chain — are required to complete detailed questionnaires. In addition to highlighting areas of potential concern, these questionnaires clarify our expectations and reinforce the importance of these topics.
- Based on the assessments and questionnaires, we annually select suppliers for compliance review or audit.
- Trained Xerox personnel conduct audits on-site. Audits and compliance reviews both follow the EICC Audit format, which addresses labor practices, freedom of association, child labor and forced labor, human rights, environmental concerns and more.
- During the audit, we classify areas of nonconformance as “priority,” “major,” “minor” or “for review.” We provide each supplier with a written performance assessment.

Business Performance and Reviews

We regularly 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:

- The amount of revenue at risk
- The total dollar amount spent

- The length of time before the machine or parts in the field impact recovery time
- The total spend across Xerox product families

Business risk criteria include:

- Whether a supplier is a single source
- Length of time to resume normal business practice after an adverse event
- Percent of business revenue Xerox represents
- The stability of the industry
- Propensity for natural disasters or political turmoil
- Supplier's performance in a financial assessment

In 2015, we conducted 66 supplier audits/self-assessment questionnaires, and 32 supplier compliance reviews, representing 62% and 24% of Xerox direct/technology supplier spend respectively. Since 2010, we've conducted over 300 compliance reviews and audits.

Conflict Minerals

We are committed to improving mining conditions associated with mining in conflict regions.

- 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 EICC and the Conflict-Free Sourcing Initiative (CFSI).
- We use the CFSI reporting template to survey our supply base about conflict-free mineral usage.
- We support the Conflict Free Smelter Program (CFSP), which independently audits smelters and refiners to determine if they have a system in place to assure 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 on May 18, 2016.

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](#).
- Whenever possible, we source from a base of trusted suppliers (and their authorized distributors) who have been through our comprehensive vetting system.
- We also always seek warranties guaranteeing authenticity and quality; among other benefits, this practice mitigates obsolescence.
- If suppliers wish to substitute an item different than originally agreed upon, they must obtain approval from our Global Procurement group.
- We've built security controls into our supply chain to help ensure the uninterrupted flow of products from the point of manufacture to the customer.
- We 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 by high-risk suppliers as well as internal locations. We belong to the Transported Asset Protection Association (TAPA).

In 2009, Xerox became the first organization to achieve global certification from the Chartered Institute of Procurement and Supply (CIPS) in the area of procurement excellence through processes and procedures, now known as CIPS Silver. In 2012, Xerox achieved CIPS Gold Certification at a global level, which recognizes our leadership in ethical, sustainable and strategic procurement and verifies our effectiveness in managing our global supplier base.

In 2015, Xerox achieved the highest certification awarded at a global level, CIPS Platinum 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.

The certification process helped Xerox Global Procurement to identify and validate internal best practices, identify areas for improvement, and provided an unbiased measure of our organization's performance against benchmark industry criteria.

In addition, it was a development opportunity for our people. Team members, as well as the other resources they engaged, were energized by the experience. This project put the spotlight on the excellent work done by our procurement team.

Supplier Diversity

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

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



During 2015, Xerox and our subsidiaries purchased goods and services from the following:

Minority-owned	\$209 million
Woman-owned	\$249 million
Veteran-owned	\$47 million
Small Tier I businesses	\$927 million

Several independent groups have recognized Xerox as having outstanding supplier diversity. [Learn more about the awards we have received.](#)

Diversity and inclusion are important not only to our company, but to our society and our world. We take part in several efforts with the goal of increasing diversity and inclusion in several different business areas.

- The Inclusion Initiative is committed to identifying and increasing opportunities for minority- and women-owned (MWBE) law firms. Since joining the Initiative in 2011, we have continuously exceeded and increased our annual goals for spend with MWBE firms.
- The National Minority Supplier Development Council's (NMSDC) Corporate Plus Member Accreditation recognizes and raises awareness for deserving minority-led companies. In 2014, we nominated and sponsored a key partner/supplier for this program.
- We are an active member of the 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.

More information is available at www.xerox.com/supplierdiversity.

Current and potential vendors can learn more about supplier diversity, supplier quality assurance and supplier ethics at www.xerox.com/suppliers.

DOING GOOD BUSINESS

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 in which we operate. That's why we devote considerable resources toward Enterprise Risk Management (ERM), anticipating and avoiding risks to the financial and operational health of our business.

ERM follows a clearly defined business strategy that is shared across the company and that is aligned with our strategic and organizational goals. Our ERM process adheres to the COSO II (Committee of Sponsoring Organizations of the Treadway Commission) framework. We assess all categories of business risk — strategic, operational, compliance, legal and regulatory, reputational and financial reporting — and coordinate our ERM assessment with the 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 Steering Committee
- Business Ethics and Compliance Governance Board
- IT Risk Governance Board
- Credit Committee
- Currency Strategy Committee
- Reputation Management Committee
- Management Audit Committees

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

DOING GOOD BUSINESS

Business Continuity

We respond to major events that could disrupt business operations — such as natural disasters and pandemics — with comprehensive business continuity action plans. These plans are designed to minimize adverse effects to our people, customers, shareholders, suppliers and assets. They are well documented, communicated across all business units and tested annually to ensure rapid and effective response.

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

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

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

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

DOING GOOD BUSINESS

Investor Relations

Xerox investor relations provides information about our financial performance, strategic intent and expectations for long-term profitable revenue growth to investors, financial analysts and potential shareholders worldwide. Investor relations pays special attention to the clarity and accessibility of this information, which is released on a timely basis through press releases, webcasts, quarterly earnings presentations, annual reports, and Securities and Exchange Commission (SEC) filings.

Institutional investors hold approximately 85 percent of Xerox's common shares; of this group, the top 20 own close to 50 percent of the shares.

In 2015, we held the following investor-related events:

- Xerox executives participated in 13 brokerage conferences.
- Investors and analysts met with Xerox leaders at the Graph Expo 2015 show in Chicago, and we conducted an audio call related to our Services Commercial Healthcare business.
- We hosted approximately 34 small group meetings with current and potential investors in major markets, including Baltimore, Boston, Chicago, Dallas, Frankfurt, London, Montreal, New York, Paris, San Francisco and Toronto.
- Xerox executives spoke with investors/analysts during approximately 315 one-on-one meetings and phone calls.

DOING GOOD BUSINESS

Public Policy Engagement

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

On issues for which our experience and knowledge add an important perspective to public debate, we seek to educate policymakers, both directly and indirectly, through various coalitions and trade associations. Through the Office of Global Government Affairs, we have interactions with governments and governmental organizations throughout the U.S. (at federal, state and local levels) and around the world. We engage on issues that range from legal, trade, tax policy and financial activities 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. More open markets are critical for our technology and service solutions where we face barriers worldwide. We believe that all participants must be responsible citizens of the countries in which they do business.

Our Chairman and CEO serves as the Chair of The President's Export Council; the principal national advisory committee on international trade. The Council advises the President about government policies and programs that affect U.S. trade performance, promotes export expansion, and provides a forum for discussing and resolving trade-related problems among the business, industrial, agricultural, labor and government sectors.

Competitiveness

Through our support of the Change the Equation initiative, which directs more resources to science, technology, engineering and mathematics (STEM) education programs, we focus on improving the ability of the U.S. to compete on the global stage.

Corporate Taxation

As a global enterprise, we comply with the tax laws and regulations in all 180-plus countries in which we operate. For more detail on the taxes we pay, please see our 2015 Annual Report.

At the same time, we work in support of U.S. corporate tax reform. The U.S. has the highest tax rates among large, industrialized nations. Corporate tax reform is needed if U.S. companies are to be fully competitive in overseas markets where 95 percent of the world's population lives.

Intellectual Property

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

Environment

Our Environment, Health, Safety and Sustainability governance policy, adopted in 1991, forms the foundation of our environmental leadership program.

State Legislation

We promote policy positions that make Information Technology (IT) more effective in supporting state and local government missions, improve government technology acquisition processes, maximize the positive financial impact of IT investments and create better outcomes for Americans served by state and local government agencies and programs. Our Office of Global Government Affairs has an established network of state and local government consultants whose responsibilities include monitoring legislation and policies that would impact our various government lines of business. Examples of our government business interests include business process outsourcing, regulation of credit card fees, eligibility and health information exchanges, emergency management services, work zone speed enforcement and electronic toll collections.

Retirement Policy

We believe policymakers should foster a legal and economic framework that encourages employers to maintain and increase the number of workers who have access to employer-provided retirement security. We take our commitment to our employees, both current and retired, very seriously and work with the U.S. Congress and the Administration to formulate policies that allow us to meet those commitments.

Healthcare

As an active player in healthcare, we promote policies that allow for sustainable, high-quality systems that are more accessible, less costly and more patient-centered. We support every citizen having access to quality, affordable health coverage. However, too many obstacles — regulatory mandates, inaccessible data, inefficient processes, incomprehensible billing and ever-rising costs — threaten to undermine our ability to provide healthcare effectively. We seek to use our healthcare expertise, our heritage of innovation and our influence to enhance the entire healthcare ecosystem. We work with patients, providers, payers, employers and governments at all levels to improve people's lives through better, more accessible and more affordable healthcare.

Professional Organizations and Associations

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

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

The following lists U.S.-based trade associations in which 2015 dues and expenditures paid by Xerox total \$25,000 or more. The portion of our contributions used for lobbying expenditures or political contributions is also indicated:

Trade Association	2015 Payments	Amount (\$) of Total Payment Used for Non-Deductible Expenses Used by the Association
Business Roundtable	\$235,560	\$129,558
The ERISA Industry Committee	\$25,000	\$8,750
IT Alliance for Public Sector	\$50,000	\$8,750
National Association of Manufacturers	\$40,000	\$8,800
Technology CEO Council	\$150,000	\$150,000
U.S. Chamber of Commerce	\$140,000	\$49,000
Tax Reform Coalition	\$50,000	\$50,000

- **Business Roundtable**: The Business Roundtable has been actively engaged in shaping the debate on corporate tax reform and is supportive of Xerox's goals for reform that will enhance the ability of U.S. companies to compete internationally. We participate in the policy formation and advocacy functions for the Business Roundtable's tax reform efforts. The Roundtable has also focused heavily on developments with the most burdensome of the EPA's proposed regulations covering areas such as ozone, carbon emissions and boiler controls, proposing less costly methods of achieving the EPA's overall environmental goals.
- **The ERISA Industry Committee (ERIC)**: A trade association, ERIC represents the employee benefits and compensation interests of America's major employers.
- **IT Alliance for Public Sector (ITAPS)**: ITAPS advocates for improved procurement policies and practices, while identifying business development opportunities and sharing market intelligence with our industry participants on the federal, state, and local levels of government.
- **National Association of Manufacturers (NAM)**: NAM is the powerful voice of the manufacturing community and the leading advocate for a policy agenda that helps manufacturers compete in the global economy and create jobs across the U.S. NAM is on the front lines of a wide range of policy battles — including immigration reform and labor relations, energy and the environment, and trade policy and taxes — working on behalf of manufacturers in America to advance policies that help manufacturers do what they do best: create economic strength and jobs.
- **Tax Reform Coalition**: Coalition of large corporations advocating for comprehensive corporate and international tax reform.
- **Technology CEO Council (TCC)**: The TCC is the information technology industry's leading public policy advocacy organization comprised exclusively of chief executive officers from America's top IT companies.
- **U.S. Chamber of Commerce**: The U.S. Chamber of Commerce is the world's largest business organization, representing the interests of more than 3 million businesses of all sizes, sectors and regions. The Chamber's membership ranges from independently owned small businesses and local chambers to leading industry associations and large corporations. The Chamber advocates for pro-business policies that create jobs and grow the economy. Key issues range from smart tax policy and regulatory relief to legal reform and trade promotion.

Code of Conduct Training

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

Employee Personal Political Contributions

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

Xerox Contributions to 527s in 2015

The following 527 organizations received support from Xerox in 2015. The name derives from Section 527 of the Internal Revenue Code, under which these organizations are tax-exempt. These organizations have a purely political focus, rather than one supporting an issue or cause. Xerox contributions to the following 527 organizations are made with corporate — rather than Xerox Corporation Political Action Committee (XPAC) — funds:

- Democratic Governors Association
- Republican Governors Association

Xerox Corporate Political Contributions

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

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

Xerox Corporation Political Action Committee (XPAC)

XPAC is supported entirely by voluntary contributions from eligible Xerox employees, and all contributions go directly to candidate campaigns for political office. XPAC is nonpartisan and actively supports candidates and helps elect policymakers whose positions are consistent with our business values and strategies. XPAC contributions promote the interests of the company and are made without regard for the private political preferences of company officers and executives. We strictly prohibit the use of XPAC contributions to motivate or reward any official act.

Every proposed political contribution undergoes an internal review process to evaluate whether it is legally permissible and in the best interests of our company and our shareholders. In many cases, we may not agree with every position taken by a candidate whom we support.

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

- The integrity and character of the candidate
- The candidate's position on significant policy issues of importance to our company
- The candidate's overall support for our company and industry

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

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

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

XPAC does not permit contributions for:

- Independent expenditure committees
- Electioneering communications
- Candidates for judicial office
- Presidential candidates at any stage in the campaign process

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

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

2015 XPAC Contributions

Candidate/Committee	Office Sought	State	Amount
U.S. Senate			
Sen. Johnny H. Isakson (R)	U.S. Senate	GA	\$5,000
Sen. Orrin Grant Hatch (R)	U.S. Senate	UT	\$1,000
Total U.S. Senate			\$6,000
U.S. House			
Rep. Amerish B. Bera (D)	U.S. House, District 7	CA	\$1,000
Rep. S. Brett Guthrie (R)	U.S. House, District 2	KY	\$1,000
Rep. Harold D. Rogers (R)	U.S. House, District 5	KY	\$2,000
Rep. John Paul Kline (R)	U.S. House, District 2	MN	\$1,000
Rep. John Andrew Boehner (R)	U.S. House, District 8	OH	\$2,500
Rep. Steven Dane Russell (R)	U.S. House, District 5	OK	\$1,000
Rep. Mia B. Love (R)	U.S. House, District 4	UT	\$1,000
Rep. Suzan Kay DelBene (D)	U.S. House, District 1	WA	\$1,000

Total U.S. House	\$10,500
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Governors

Gov. Michael Richard Pence (R)	Governor	IN	\$2,000
Gov. Matthew Griswold Bevin (R)	Governor	KY	\$5,000
Jack Conway (D)	Governor	KY	\$1,000
Sen. David Bruce Vitter (R)	Governor	LA	\$5,000
Gov. Larry J. Hogan, Jr. (R)	Governor	MD	\$2,000
Gov. Phil Bryant (R)	Governor	MS	\$2,500
Gov. Steve Bullock (D)	Governor	MT	\$650
Total Governors			\$18,150

Other State Candidates

Assm. Rob Bonta (D)	State House, District 18	CA	\$1,500
Sen. Jerry Hill (D)	State Senate, District 13	CA	\$1,500
Andy Beshear (D)	Attorney General	KY	\$2,000
Allison Ball (R)	State Treasurer	KY	\$500
Hon. Tate Reeves (R)	Lieutenant Governor	MS	\$1,000
Rep. Philip Gunn (R)	State House, District 56	MS	\$1,000
Assm. Joseph D. Morelle (D)	State House, District 136	NY	\$1,000
Joseph M. Torsella (D)	State Treasurer	PA	\$500
Sen. Richard L. Saslaw (D)	State Senate, District 35	VA	\$5,000
Total Other State Candidates			\$14,000

Local Candidates

Kathryn Barger (D)	Los Angeles County Supervisor	CA	\$250
Rep. Janice Kay Hahn (D)	Los Angeles County Supervisor	CA	\$250
Brandon Todd (D)	DC City Council	DC	\$500
Jack Evans (D)	DC City Council	DC	\$500
Kirk Caldwell (D)	Mayor, Honolulu	HI	\$1,000
Chuck Brewer (R)	Mayor, Indianapolis	IN	\$500
James Kenney (D)	Mayor, Philadelphia	PA	\$2,500
Total Local Candidates			\$5,500

State Party/Caucus Committees

Connecticut Democratic State Central Committee - Federal Account (D)	State Party Committee	CT	\$1,000
House Republican Campaign Committee (R)	State Caucus Committee	IN	\$1,000
Indiana House Democratic Caucus (D)	State Caucus Committee	IN	\$500
Indiana Senate Democrat Committee (D)	State Caucus Committee	IN	\$500

Senate Majority Campaign Committee (R)	State Caucus Committee	IN	\$1,000
Michigan Republican Party - Federal Account (R)	State Party Committee	MI	\$5,000
Montana Democratic Party - Federal Account (D)	State Party Committee	MT	\$2,500
Total State Party/Caucus Committees			\$11,500
GRAND TOTAL			\$65,650

XPAC Oversight

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

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

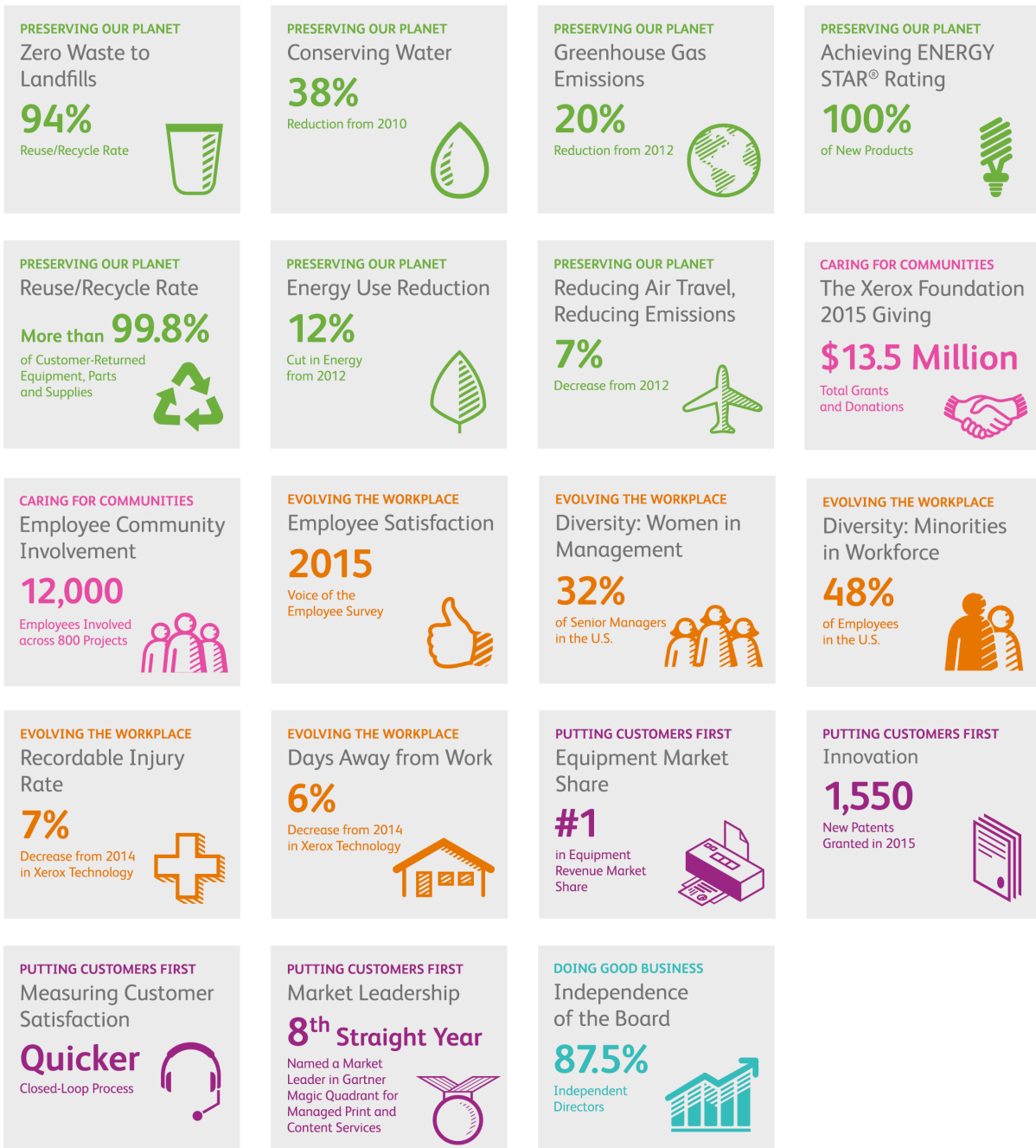
XPAC is led by a Board of Trustees, which includes a cross-section of managers from Xerox who represent their unique business unit and geographic areas. A Contributions Committee appointed by the XPAC Chairman and consisting of five members is responsible for selecting by majority vote the candidates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

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

(*Denotes trustee serves on the XPAC Contributions Committee)

Chief Operating Officer, Healthcare Business Group
Chief Operating Officer, Public Sector Business Group*
Corporate Executive Vice President, General Counsel and Secretary*
Executive Vice President, High Tech, Communications and Media Industries
Group President, Government Healthcare Business Group
Group President, Local Government Transportation*
President, Corporate Strategy and Asia Operations*
Senior Vice President, Acquisitions, Corporate Services and Marketing, GIS
Senior Vice President and General Manager, Global Accounts - Global Financial Services, Insurance and Professional Services
Senior Vice President, Global Sales and Marketing, Transportation and Public Sector Business Group
Senior Vice President, U.S. Large Enterprise Operations
Vice President, Global Government Affairs and Corporate Philanthropy*
Vice President, Government Affairs
Vice President, Public Sector
Vice President, Solutions Business Unit, Global Technology and Delivery Group
Vice President, U.S. Large Enterprise Operations Human Resources

Progress Chart



Progress Table

Our Goal: Zero Waste To Landfills

In 2015, we managed 94 percent of non-hazardous solid waste beneficially, up from 93 percent in 2014. We've established an aspirational goal to drive our reuse/recycle rate to 100 % by 2020 at our technology facilities compared to a baseline year of 2009.

To learn more about this information see our chart in the Responsible Operations section of this report for further details.

Non-hazardous solid waste recycling

2012	2013	2014	2015
93 %	91 %	93 %	94 %

Conserving Water

As part of our commitment to conserve resources, we monitor water consumption across our manufacturing, distribution and R&D facilities worldwide. Having met our corporate goal to reduce water consumption by 21 percent by 2014 (against a 2009 baseline), we established a goal to reduce water consumption by 35 % by 2020 (against a 2010 baseline). Water consumption in 2015 was down 38 % against the 2020 goal.

See more detailed information on water consumption and our new 2020 goal.

2012	2013	2014	2015
Down	Down	Down	Down
35 %	35 %	28 %	38 %
from 2009	from 2009	from 2010	from 2010

Reducing Greenhouse Gas Emissions

Since 2012, Scope 1 (direct) and 2 (indirect) greenhouse gas emissions are down 20 percent.* The reductions are the result of improved energy efficiency, new technologies and improved energy management practices.

* Note: The 2012 baseline has been restated. In accordance with the Greenhouse Gas Protocol, inventory adjustments are completed each year as a result of the opening and closing of facilities and the use of more appropriate emission factors to make data and performance trends between years more comparable.

See more detailed information on greenhouse gas emissions.

2013	2014	2015
Down	Down	Down
4 %	9 %	20 %
from 2012	from 2012	from 2012

New Products Achieve the ENERGY STAR® Rating

In 2015, 100 percent of our new eligible products met ENERGY STAR requirements. We've continuously reduced power consumption of our laser-based printing products by adjusting fuser design, changing properties of toner, implementing more efficient electronic controls and improving the entire xerographic system.

See more detailed information on ENERGY STAR® ratings for Xerox Products.

2012	2013	2014	2015
100 %	100 %	100 %	100 %

End-of-Life Management

Our approach to managing products at end-of-life translates into significant environmental and financial benefits. Globally, our combined returns programs (equipment remanufacture in conjunction with parts and consumables reuse and recycling) prevented over 47,500 metric tons of waste from entering landfills in 2015 alone.

Learn more about the Xerox Green World Alliance.

2012	2013	2014	2015
99.8 %	99.2 %	96 %	99.8 %

Energy Use Reduction

At the conclusion of the Energy Challenge program, we successfully reduced energy consumption by 31 percent and cut emissions by 42 percent — that's 210,000 tons of carbon dioxide equivalents (CO₂e). Our new corporate-wide goal is to reduce energy consumption an additional 20 percent by 2020 (from a 2012 baseline). In 2015, we reduced energy consumption by 12 percent and cut emissions by 20 percent — that's 65,000 tons of carbon dioxide equivalents (CO₂e).*

* Excludes data centers numbers. Energy Challenge 2012 included fleet and facilities for the Technology Business (and Services where co-located). Energy Goal 2020 encompasses all parts of our business.

ENERGY / GHGs		Reduction from 2002 Baseline		Reduction from 2012 Baseline	
		2012	2013	2014	2015
% Reduction Energy Use from Baseline (Scope 1 and 2)	20 % reduction by 2020 with a new baseline established in 2012	33 %	2 %	7 %	12 %
% Reduction GHG Emissions from Baseline (Scope 1 and 2)	20 % reduction by 2020 with a new baseline established in 2012	42 %	4 %	9 %	20 %

Reducing Emissions by Reducing Employee Air Travel

Business travel plays a role in contributing to greenhouse gas emissions. In recent years, we've promoted videoconferencing and other technology as environmentally friendly alternatives to air travel. Thanks to these efforts, we've reduced emissions due to air travel by 7 percent per employee from 2012. This is equivalent to 0.1 (1000 MT CO₂ eq) per employee.

The Xerox Foundation 2015 Giving

In 2015, more than 2,500 non-profit organizations, colleges and universities received direct financial support from The Xerox Foundation through grants, matching gifts or community involvement activities. We focus our investments in the following areas:

- Education and workforce preparedness
- Science and technology
- Employee and community affairs
- National and cultural affairs

Learn more about The Xerox Foundation.

See more detailed information on The Xerox Foundation giving.

2012

\$13.5 million

2013

\$13.5 million

2014

\$13.5 million

2015

\$13.5 million

The Xerox Community Involvement Program

The Xerox Community Involvement Program links our corporate giving with the voluntary spirit of our employees as they become involved in the communities where they live and work. Since the program began in 1974, thousands of Xerox people have been involved in regional, community-focused projects each year.

Learn more about The Xerox Foundation.

See more detailed information on community involvement programs.

2012	2013	2014
12,500 Employees 700 Projects	13,000 Employees 800 Projects	13,000 Employees 800 Projects
	2015	
	12,000 Employees 800 Projects	

Voice of the Employee Survey

For over 45 years, our senior teams have surveyed employees and acted upon that feedback. Our Voice of the Employee (VOE) survey was administered in October and November 2015. We received results from 61 countries in 20 languages. Nearly 66,000 employees shared their thoughts and knowledge from every division, every job function* and every job level. The chart below represents the percentage of satisfied employees.

See more detailed information on employee satisfaction surveys.

2011	2012	2013	2014	2015
74 %	77 % *	73 %	n/a	73 %

*In 2012, the survey was distributed to around 14,000 employees in Europe, Canada and our developing markets. All other years reflect a larger global population.

Employee Diversity – Female Employees

We gain a competitive advantage as we continue to draw on the experience and creativity of a well-balanced, diverse workforce. That means we're better able to understand and meet changing demands for our products and services. Simply stated, a balanced workforce makes good business sense.

In the U.S., 60 percent of employees are women, and women represent 32 percent of executive and senior-level managers. Diversity reporting is not tracked in most other countries.

The chart below displays the percentage of executive and senior-level managers who were women over the past four years in the U.S.

Learn more about diversity at Xerox.

2012	2013	2014	2015
26.0 %	27.2 %	27.0 %	32.0 %

Employee Diversity – Minority Employees

Employees with different ways of thinking — and different ways of perceiving our world — are employees who create innovative solutions. In a business like ours, whose lifeblood is fresh ideas, this variety of perspectives is a priceless resource and a key to achieving critical business results.

Minorities represent 48 percent of employees and 15 percent of executive and senior-level managers in the U.S. Diversity reporting is not tracked in most other countries.

The chart below displays the percentage of minority employees in our U.S. workforce over the past four years.

Learn more about diversity at Xerox.

2012	2013	2014	2015
39.4 %	40.3 %	42 %	48 %

Monitoring the Safety of our Employees

In 2015, our Technology operation's total recordable injury (TRI) rate decreased 7 percent. These performance improvements are reflective of increased safety awareness and communications to our employees, as well as focused safety management processes within our management teams.

See more detailed information on our recordable injury rates.

2012	2013	2014	2015
Up	Down	Down	Down
5 %	3 %	12 %	7 %
from 2011	from 2012	from 2013	from 2014

Preventing Injuries and Illnesses

In 2015, our global Technology operation's day away from work case (DAFW) rate decreased by 6 percent from 2014 levels. These performance improvements are reflective of increased safety awareness as well as communications to our employees, and focused safety management processes within our management teams.

See more detailed information on work injury rates at Xerox.

2012	2013	2014	2015
Up	Down	Down	Down
13 %	12 %	7 %	6 %
from 2011	from 2012	from 2013	from 2014

Topping the Competition

Xerox is the leader in equipment revenue market share.* We offer the industry's broadest portfolio of document technology and services for businesses of any size, in any industry, anywhere around the world.**

*Color and WW Total Equipment Sale Revenue (ESR) Share. **Equipment revenue (shipment value) in the hardcopy peripheral industry. Source: IDC WW Quarterly HCP Tracker, Final Historical 4Q15.

Learn more about Xerox products.

2012	2013	2014	2015
#1	#1	#1	#1

Innovating for the Future

Xerox was granted 938 U.S. patents in 2015, ranking the company as one of the world's top innovators. Additionally, combined with the 614 patents awarded to our joint research partner, Fuji Xerox Co. Ltd., Xerox researchers also received about 1,550 patents in 2015.

Learn more about innovation at Xerox.

See more information on our patent filings.

2012	2013	2014	2015
1,900	1,968	1,949	1,550

Measuring Customer Satisfaction

In 2011, we began investing in a new customer satisfaction process to ensure a stronger focus on understanding and fulfilling customer needs and expectations. The new process solicits feedback from our technology customers around the globe, providing detailed insights that help us identify systemic issues and make the necessary changes that ensure strong customer satisfaction. Improved closed-loop follow-up processes also enable faster responses to individual problems.

2012

We continued our investment in the customer satisfaction process begun in 2011 to ensure our award-winning service and customer-centric approach builds customer loyalty and trust.

2013

We further developed our customer satisfaction process and saw positive results, both in the feedback from our customers and in the internal measures we use to assess the quality of what we are delivering to the marketplace.

2014

Xerox centralized client satisfaction measurement activities and provided governance and oversight on the measurement process with emphasis on improving our closed-loop follow-up process. From 2013 to 2014, Xerox improved average satisfaction scores in six out of eight customer experience areas we measure in our quarterly global relationship survey.

2015

We continue to measure the perceptions of our customers globally, using relationship and expanded touch-point Voice of the Customer programs. In 2015, we focused on increasing customer participation and managing for a quicker closed-loop follow-up. Having a significant amount of feedback is important to help us deliver value to our customers, and we take action on their feedback.

Industry Analysts Recognize Xerox as a Market Leader

Our commitment to our customers has gained worldwide recognition.

Xerox has been named a leader in the Gartner Magic Quadrant for Managed Print and Content Services for eight consecutive years (most recently December 2015) and a leader in the Gartner Magic Quadrant for Customer Management Contact Center BPO in 2012-14 and again in 2016 (no reporting in 2015).

We have also been named a leader in the Magic Quadrant for Finance and Accounting BPO (most recently June 2015) for 3 years.¹

¹Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

Many independent industry analysts position Xerox services and products as leaders in multiple categories. Selected awards are displayed in the listing below.

2012

- **Forrester Research, Inc.:** Cited as a leader in The Forrester Wave™: Managed Print Services, Q2 2012
- **IDC MarketScape Reports:** An IDC MarketScape leader for U.S. Shared, Networked MFPs for the Distributed Office; EMEA Managed Print Services
- **Quocirca:** Market leader for MPS Landscape

2013

- **Everest Group:** PEAK Matrix Assessment leader for Benefits Administration Outsourcing; Contact Center Outsourcing
- **HfS Research BluePrint:** Winner's Circle for Healthcare Payer BPO Services
- **IDC MarketScape Reports:** An IDC MarketScape leader for Worldwide Managed Print and Document Services; U.S. Smart Multifunction Peripherals
- **NelsonHall NEAT Reports:** Leader in Benefits Administration Services
- **Quocirca:** Market leader for MPS Landscape

2014

- **Everest Group:** PEAK Matrix Assessment Leader for Contact Center Outsourcing; Contact Center Outsourcing Market for the Healthcare Industry
- **IDC MarketScape Reports:** An IDC MarketScape leader in Worldwide Managed Print and Document Services; U.S. Smart Multifunction Peripherals
- **NelsonHall NEAT Reports:** Leader in Benefits Administration; Learning BPO
- **Quocirca:** Worldwide Market Leader in Managed Print Services

2015

- **Everest Group:** PEAK Matrix Assessment Leader for Contact Center Outsourcing; Healthcare Payer BPO
- **IDC MarketScape Reports:** An IDC MarketScape leader in U.S. Managed Workflow Services Hardcopy Vendor Assessment; Western Europe Managed Workflow Services Hardcopy Vendor Assessment; Worldwide Finance and Accounting BPO Services; U.S. Smart Multifunction Peripherals
- **NelsonHall NEAT Reports:** Leader in Health & Welfare Administration; Learning BPO; Workers' Compensation BPS
- **Quocirca:** Worldwide Market Leader in Managed Print Services

The Xerox Board of Directors: Maintaining Independence

Based on standards for independence developed by the New York Stock Exchange, 87.5 percent of the Xerox Board is composed of directors who qualify as independent directors. The Board includes one non-independent director: Xerox Chairman and CEO Ursula M. Burns. Learn more about the Board's independence and our governance policies: www.xerox.com/governance.

2012	2013	2014	2015
90 %	90 %	89 %	87.5 %

Awards and Recognitions

Corporate Responsibility and Global Leadership Awards

Best Corporate Citizen

Corporate Responsibility Magazine



World's Most Ethical Companies

The Ethisphere Institute



Forbes 100 Most Reputable Companies

Forbes



FTSE4Good Index

The FTSE4Good Stock Index



World's Most Admired Company

Fortune Magazine



Most Flexible Employer

FlexJobs



2016 Solution Provider
500

CRN.com



Worldwide Market
Leader in Managed
Print Services

Quocirca



Dow Jones
Sustainability Indices

Dow Jones



The World's Most
Reputable Companies
2016 Global RepTrak®

The Reputation Institute



Environmental Sustainability Awards

100 Best
Corporate Citizens

*Corporate Responsibility
Magazine*



Most Sustainable
Companies

Newsweek



Top Products
of the Year

*Environmental Leader
Product & Project Awards*



S&P
Climate Disclosure
Leadership Index

Carbon Disclosure Project



B in Climate
Leadership

Carbon Disclosure Project



Diversity and Equality Awards

"Best Companies
for Diversity"

Black Enterprise Magazine



"Best of the Best"

*Black Equal Opportunity
Employment Journal*



50 Out Front
Companies for Women
and Diverse Managers
to Work

Diversity MBA Magazine



100% Score on the
Corporate Equality
Index 2016

*Human Rights
Campaign
Foundation*



Top 50 Companies
for Latinas

Latina Style Magazine



Top 100 Companies
for Latinos

LATINO Magazine



"Military Friendly
Employer"

*Victory Media and G.I. Jobs
Magazine*



"Finalist for
LGBT Workplace
of the Year"

Out & Equal



"The Wilson Rule"

White House Recognition



Select International Awards

CANADA

Best Diversity
Employers

*MediaCorp
Canada Inc.*



CANADA

Greenest Employers

*MediaCorp
Canada Inc.*



CANADA

Top 100 Employers

*MediaCorp
Canada Inc.*



FRANCE XEROX RESEARCH CENTRE EUROPE

Environmental Leader
Product & Project
Awards Hall of Fame

*Environmental Leader:
Environmental & Energy
Management News*



FRANCE

Gold Rating

*EcoVadis Corporate Social
Responsibility (CSR)*



GREECE

Bravo Sustainability
Awards: Market Award

Sustainable Greece 2020



GREECE

Diamonds of the Greek
Economy

*Active Business
Publishing Group*



NETHERLANDS

Partnership Award

Interactive Intelligence

