Welcome to your CDP Climate Change Questionnaire 2021

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Xerox is a workplace technology company, building and integrating software and hardware for enterprises large and small. As customers seek to manage information across digital and physical platforms, we deliver a seamless, secure and sustainable experience. Whether inventing the copier, the Ethernet, the laser printer or more, Xerox has long defined the modern work experience and continues to do so with investments in artificial intelligence (AI), sensors and services for Internet of Things (IoT), digital packaging, 3-D printing and Clean Technologies (cleantech). Geographically, our footprint spans approximately 160 countries and allows us to deliver our technology and solutions to customers of all sizes, regardless of complexity or number of customer locations. Headquartered in Norwalk, CT, we have more than 24,700 employees and do business in more than 160 countries.

We provide business process services, printing equipment, hardware and software technology for managing information - from data to documents.
Our business spans three primary offering areas: **Workplace Solutions, Graphics Communications and Production Solutions,** and **Xerox Services.**
Workplace Solutions includes the sales of entry and mid-range products and supplies, as well as the associated technical service and financing of those products. **Graphic Communications and Production Solutions (High-End)** are designed for customers in the graphic communications, in-plant and production print environments with high-volume printing requirements. Graphic Communications and Production Solutions includes the sale of xerographic and ink jet presses, software and supplies as well as the associated technical service and financing of these products. **Xerox Services** includes a continuum of solutions and services that helps our customers optimize their print and communications infrastructure, apply automation and simplification to maximize productivity, and ensure the highest level of security. Our primary offerings in this area are Intelligent Workplace Services (IWS) and Digital Services offerings to help our customers accelerate their digital transformation.

In January 2021, we announced our intention to stand up our **Software, Financing** and **Innovation** organizations as separate and distinct businesses by 2022.

• The **Software** business will include a growing portfolio comprised of: DocuShare®, a cloud-based content management system; FreeFlowR, automation software for production print; XMPie, a multi-channel marketing software company; and CareAR, an enterprise augmented reality business Xerox acquired in late 2020.
• **Xerox Financial Services (XFS)** will become a global payment solutions business, offering leasing for Xerox and third-party technology and office equipment. This will expand the Company's customer base, create cross-selling opportunities and provide more leasing options for small and medium-sized businesses.
• The **Innovation** business will include the scientists and engineers located in Palo Alto, CA.; Webster, NY; Cary, NC; and Toronto, Canada and will be named PARC Innovation. This team will be focused on incubating, productizing and commercializing disruptive technology aligned with our innovation focus areas such as 3D Printing and Digital Manufacturing, Sensors and Services for the IoT, AI and clean tech.

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

Additionally, we work with various manufacturing and distribution partners. This diversification of suppliers brings flexibility in our manufacturing and supply chain and supports our cost efficiency goals. Fuji Xerox is our largest partner, with whom we maintain product sourcing agreements for specific products across our entry, mid-range and high-end portfolios, some of which are the result of mutual research and development agreements. We also outsource certain manufacturing activities to FLEX LTD (Flex), a global contract manufacturer with whom we maintain a longstanding relationship, and we acquire products from various third parties in order to increase the breadth of our product portfolio and meet channel requirements and in 2019 we entered into a supply agreement with HP Inc.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	January 1, 2020	December 31, 2020	No

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Belgium
Canada
France

Greece
Ireland
Italy
Netherlands
Portugal
Spain
United Kingdom of Great Britain and Northern Ireland
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	Board level responsibility for CSR, including climate related issues lies jointly between the CEO and the Corporate Governance Committee (CGC) of the Board of Directors. The CEO's climate-related responsibilities include: • Developing climate-related strategy, • Monitoring GHG targets • Considering climate-related issues when guiding business strategy, risk management policies and overseeing major capital expenditures, acquisitions, and divestitures • Approving the release of climate-related information

	As a board member, and leader of the Executive Management Committee (EMC), the CEO provides the day-to-day linkage between the board, the EMC and our management level CSR Council. The CSR Council reports to and advises the CEO. The CSR Council is chaired by a member of the Executive Committee, and the Chief Sustainability Officer serves as the Executive Director of the CSR Council. This structure ensures that the business is held accountable for the CSR goals and ensures the CSR Council reflects real business input and requirements. On an annual basis, the Chief Sustainability Officer is responsible for confirming the corporate CSR priorities with the CEO and Corporate Governance Committee of the board; presenting the results of the annual CSR materiality assessment and proposed action plan for Board approval; and providing the CEO and the Corporate Governance Committee of the board with a status of CSR progress and recommendations going forward. The CEO has frequent and available access to the Board, enhancing speed of implementation of decisions proposed by the CSR Council and approved by the Executive Management Committee. In 2020, the CEO and the Board made the decision to approve a proposal from the CSR Council that Xerox commit to becoming net zero carbon emitting by 2040, climate action that builds upon and goes beyond our recently approved science-based greenhouse gas targets. As part of increased commitment to climate action, the CEO and Board also approved the addition of ESG metrics into the executive bonus structure. Effective in 2021, the Compensation Committee of the Board of Directors established an Environmental, Social and Governance payout modifier that allows the otherwise applicable performance-based payout to be increased or decreased by up to 10% of target with the result not to exceed 200% of target.
Board-level committee	Board level responsibility for CSR, including climate related issues lies jointly between the CEO and the Corporate Governance Committee (CGC) of the Board of Directors. The Corporate Governance Committee (CGC) of the Board of Directors oversees significant shareholder relations issues and CSR matters, including climate change related risks and opportunities specifically. Four members of the eight-member Board have knowledge and skills in climate change topics, such as risk management, and have held the title of Chief Operating Officer of companies that have reported on climate change-related risks and opportunities in the annual SEC 10-k filing. On an annual basis, the Chief Sustainability Officer is responsible for confirming the corporate CSR priorities with the CEO and Corporate Governance Committee of the board; presenting the results of the annual CSR materiality assessment and proposed action plan for Board approval; and providing the CEO and the

	Corporate Governance Committee of the board with a status of CSR progress and recommendations going forward In 2020, the Chief Sustainability officer and the CSR Council raised the need for increased climate action with the CEO and the Board, resulting in a commitment for Xerox Corporation to become climate neutral (net zero carbon) by 2040, ten years ahead of the time frame called out by the Paris Agreement. In addition, the CSO and CSR Council effectively championed formally integrating sustainability metrics into the executive bonus structure, expanding and aligning our corporate system of financial incentives to reach to the very top of the corporation.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding risk management policies	At least annually the Board conducts a review of the Company's long-term strategic plans and principal issues. Periodically during the year, the Board receives strategy updates from members of senior management of the Company. For example, annually, the Chief Sustainability Officer (and Executive Director of the CSR Council: • Confirms the corporate CSR (including climate related) priorities with the CEO and Corporate Governance Committee of the board; • Presents the results of the annual CSR materiality assessment and proposed action plan to the board for their approval; and • Provides the CEO and the Corporate Governance Committee of the board with a status of CSR (including climate related) progress and recommendations going forward. In 2019, the CSR Council approved the setting of science-based GHG targets (60% reduction of Scope 1 & 2 GHG emissions by 2030 from a 2016 baseline, and 35% reduction of Scope 3 emissions by 2030 from a 2016 baseline). In addition, the CSR Council commissioned the Xerox EHSS team to conduct a Climate Scenario Analysis to identify and prioritize climate-related risk for Xerox manufacturing facilities and

		key suppliers. This analysis is a qualitative, forward-looking climate scenario analysis using two scenarios (2°C and 4°C) and time frames extending out to 2050. The analysis was completed August 2020 and covers all Xerox manufacturing locations and key facilities, as well as critical supplier locations, and includes site-specific analysis against a range of potential climate-related acute and long-term physical risks as well as transition risks. This findings from this qualitative analysis will serve as input to existing materiality, ERM and CSR Council processes. In 2020, the CEO and the Board approved a proposal from the CSR Council to commit Xerox to net zero carbon by 2040, climate action that builds upon and goes beyond our recently approved science-based greenhouse gas targets. The CEO and Board also approved the addition of CSR metrics into the executive bonus structure. Effective 2021, the Compensation Committee of the Board of Directors established an Environmental, Social and Governance payout modifier that allows the otherwise applicable performance-based payout to be increased or decreased by up to 10% of target with the result not to exceed 200% of target. Our Enterprise Risk Management (ERM) process also strengthens our capability to assess, monitor and manage all categories of business risk. As a member of the ERM steering committee the Chief Sustainability Officer, is responsible for communicating to the ERM committee any significant risks that have been identified by our CSR Council, including climate-related. Results from the Climate Scenario Analysis will also feed any identified climate-related risks into the ERM process. Vital strategic and operational risks identified are approved by the Executive Management Committee (EMC) and reviewed annually by the Board.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues

Chief Sustainability Officer (CSO)	Both assessing and managing climate-related risks and opportunities	Annually

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

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

The CSR Council is composed of senior leaders of functional organizations impacting CSR. Every functional area of the corporation is represented on the Council including procurement, environment and climate-related issues, health, safety, legal, supply chain, product development, delivery and R&D. The CSR Council has centralized oversight of the corporation's management approach, and meets quarterly to review the company's policies, goals, strategies, and actions to drive progress including GHG reduction and developments with potential CSR impacts. The developments reviewed may be either internal (e.g. new business model) or external (transitional such as proposed regulatory change or physical such as sea level rise). The Council determines the relevancy of the risks and opportunities to Xerox and if relevant, develops an action plan for review and approval by the Executive VP & General Counsel and subsequent approval by the CEO and Executive Management Committee (EMC). Each CSR Council member is supported by individuals who have expertise and experience in each CSR topic area. An individual from the EMC chairs the CSR Council to provide direction and guidance, and ensures that the business is held accountable for the CSR goals and that the CSR Council reflects real business input and requirements. An individual from the EMC also participates in all CSR Council Meetings.

The CSO, with the CSR Council, makes climate-related decisions as a team and by consensus, but it is the CSO who is ultimately responsible for bringing the climate related issues or topics to the CSR council for consideration, discussion, and approval. For example, when discussing how to achieve the company's renewable energy goal of 20% by 2020, the CSO was responsible for bringing that issue to the other CSR council members to gather their feedback and subsequently used their feedback to help obtain funding within the organization for initiatives to help achieve the goal.

The Environment, Health, Safety & Sustainability (EHS&S) group reports directly to the Chief Sustainability Officer. Therefore, it is appropriate that the CSO holds the highest level management position with direct responsibility for climate related issues as through the

experience and expertise of the EHS&S group this individual is closer to climate related issues than any of the other CSR Council members.

The Chief Sustainability Officer monitors climate related issues through the CSR Council. The primary objective of the CSR Council is to continue our legacy of corporate citizenship and provide centralized oversight of the corporation's performance and management approach, including policies, goals, strategies and to recommend actions to drive progress and integrate CSR and climate related issues into existing business practices. This is achieved through:
· Working with the Corporate Compliance Office to assure demonstration of compliance with CSR related laws, regulations and policies;
· Annually evaluating the relevance of the corporations' CSR priorities using a materiality assessment process. Xerox's annual CSR materiality assessment process considers relevant CSR topics impacting Xerox products, services and operations, including energy, GHG emissions and climate change strategy;
· Identifying issues and opportunities and addressing them in a timely manner with responsible operations;
· Communicating Xerox's CSR initiatives, recognition and achievements internally and externally.

The CSR Council is also responsible for providing the chair of the CSR Council with a report on the CSR performance of the corporation (including climate related issues), such as progress in satisfying annual objectives, progress towards our corporate goals and recommended actions for further advancement. On an annual basis, the Chief Sustainability Officer (and Executive Director of the CSR Council) is subsequently responsible for confirming the corporate CSR priorities with the CEO and Corporate Governance Committee of the board; presenting the results of the annual CSR materiality assessment and proposed action plan to the board for their approval; and providing the CEO and the Corporate Governance Committee of the board with a status of CSR progress and recommendations going forward.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Effective starting in 2021, Xerox Executives and the Board of Directors have been added to those eligible for climate-related management incentives. In 2020, the Compensation Committee of the Board of Directors established an Environmental, Social and Governance payout modifier that will increase or decrease the otherwise applicable performance-based payout for executive officers of the company. This incentive is in addition to already existing incentives available to a

		wide range of Xerox employees, and will be fully detailed in the 2021 CDP disclosure.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
All employees	Non-monetary reward	Other (please specify) Sustainability Leadership	The Sustainability Spotlight program provides an opportunity for all employees to share their sustainability success stories with the Xerox employee community. Success stories are highlighted on our internal web and social media sites and recognize individuals or teams for innovative or outstanding achievements that promote sustainability and environmental leadership, including climate change related actions such as energy and GHG emission reduction projects. Any Xerox employee or team of employees around the world are eligible to share/submit their stories. An example of a highlighted story for 2019 is about the Product Safety and Materials Compliance Team, that provides guidance to product development to choose materials and parts that are safe, recyclable, and reusable. The team focuses on developing and delivering products that are energy efficient, durable, and have low emissions and waste generation, giving our customers purchasing options that are eco-friendly and enable them to achieve their environmental goals
All employees	Monetary reward	Emissions reduction project	Monetary awards (<$2,000) can be awarded at a managers' discretion, through the 'Merit Recognition Program'. These are not directly linked to individuals' performance targets but are awarded based on merit and can for example be used to reward ideas or efforts to reducing energy and GHG emissions in Xerox operations, products and services provided to customers. Non-monetary rewards can also be given, such as awarding individuals with Xerox logo merchandise or through the US Xerox Dinner Award Recognition Program.

Buyers/purchasers	Non-monetary reward	Environmental criteria included in purchases	In accordance with Xerox's Socially Responsible Procurement Purchasing Policy, in addition to consideration of quality, cost, and delivery criteria, all Global Purchasing personnel are required to select suppliers and their goods and services based on Social Responsibility criteria which include: • Protecting the environment by conserving the use of valuable resources, minimizing waste and preventing releases to air, water and land • Facilitating Xerox's design, manufacture, distribution and marketing of products and services that optimize resource utilization and minimize environmental and safety impacts • Enabling Xerox to achieve its goal of continuous improvement of environment, health, and safety performance across the Value Chain.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	5	We consider short-term risks to be those 0-5 years out; medium-term being 5-10 out; and long-term as being beyond 10 years.
Medium-term	5	10	We consider short-term risks to be those 0-5 years out; medium-term being 5-10 out; and long-term as being beyond 10 years.
Long-term	10	50	We consider short-term risks to be those 0-5 years out; medium-term being 5-10 out; and long-term as being beyond 10 years.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

When identifying and assessing risks, Xerox defines substantive impact as any activity that causes a substantive impact/change (positive or negative) on revenue growth, profitability, operating costs, brand value/corporate reputation, innovation or customer satisfaction affecting either publicly reported financial results, changes to existing enterprise risk assessment results requiring mitigating action, or impacting component or product availability to the extent customer shipments or schedule are impacted. We use a materiality threshold of >$2 million impact to quantify substantive change.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

Our Enterprise Risk Management (ERM) process strengthens our capability to assess, monitor and manage all categories of business risks. ERM steering committee members meet monthly to assess all categories of emerging risks, risk appetite and occurrence probability considering all risk time tables (i.e., short, medium and long-term) through our ERM process. Vital strategic and operational risks identified are approved by the Executive Management Committee (EMC) and reviewed annually by the Board. The ERM committee follows the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) that in 2017 integrated ESG risks including climate-change related risks and opportunities in its guidelines. We assess business risks based on the risk of failing to attain our strategic objectives. The committee also monitors action plans put in place to mitigate risk at the enterprise level. The corporation has tasked the CSR Council with the day-to-day monitoring and management of climate-related risks and opportunities.

The CSR Council has the responsibility for monitoring and assessing climate change-related risks/opportunities and alerting ERM Committee of those relevant to the Enterprise. The CSR Council meets quarterly. Included in each meeting is an update of

current, newly identified and/or emerging risks as well as the appropriate or necessary steps to take to mitigate the risk(s). The CSO leads coordination of the company's CSR activities, serving as the Executive Director of our CSR Council.
Annually the CSR Council is responsible for identifying and assessing the relevance of the corporations' CSR priorities using a materiality assessment process. This process considers relevant CSR topics impacting Xerox® products, services and operations, including energy, GHG emissions and climate change strategy. In accordance with the GRI Standards we identify and report key risks and opportunities associated with CSR topics for the short (0-5 years), medium (5-10 years) and long term (>10 years). The intent of the materiality assessment is to confirm material topics, identify impacts, risks and opportunities, optimize the allocation of resources and help to determine the content of the annual CSR Report.

Our assessment includes interviews and workshops with internal stakeholders, reviews of public and internal Xerox documents, discussions with external stakeholders and feedback from employees. We examine factors, including regulations, global social challenges, our evolving business model and environmental impacts. Each topic is assessed for both the importance to stakeholders and the significance of our positive and negative impacts (from an economic/social/environmental perspective). Xerox can have impact through our operations and facilities, products, employees and suppliers, our lobbying efforts and our community involvement. To aid prioritization, each topic is given a score (1-3) against the criteria. Results are presented via a matrix to visually present the importance of the topics. The most material topics are those that are rated high on either the x-axis or y-axis on this matrix. We prioritize the risks in terms of current risk profile as well as the projected risk profile upon completion of the risk mitigation plans. Opportunities are prioritized on relative effort (measured by cost, time and intangibles) and benefit (measured by revenue opportunity, reduced environmental impact and liability and intangibles). Annually, the EMC and Chief Sustainability Officer presents the results of the CSR materiality assessment and proposed action plan to the board for approval. Both physical and transitional risks and opportunities are managed in the same way.

The process for managing climate-related risks and opportunities is also driven by the CSR council. The CSR Council is composed of executives who each monitor and manage a specific CSR topic area (including product development, environment and climate related issues, supply chain, etc.). Each member is supported by individuals with expertise in each topic area. The primary objective of the CSR Council is to provide oversight of the corporation's performance and management approach, including policies, goals, and strategies and to recommend actions to drive progress and integrate CSR and climate related issues into existing business practices.

Physical risk example: In our materiality assessment, physical climate change issues are integrated into the assessments of our environmental/social/economic impacts from multiple relevant topics including energy, water use and supplier assessments. Major operating units and corporate functions are also responsible for evaluating site specific risks. As we cannot remove this risk, physical risks are mitigated via the Business

Continuity Assurance Process. Each site is required to have a Business Resumption Plan. Resumption plan drills are conducted annually and include physical climate change risks such as hurricanes, tornadoes and floods as part of the drills. The results of the drills and lessons learned are communicated to top management during operational reviews. Any deficiency is addressed via a corrective action plan. The deficiencies identified from the drills become part of the risk assessment process of the business unit in order prevent them from happening again. For example, in 2019, one of our Canadian locations conducted a 1000-year flood scenario assessment for their annual BRP drill. Evaluation of site impacts showed that the distance from the nearest watershed and the design of the building would help mitigate the impact of flood waters from an electrical infrastructure perspective, indicating relatively low vulnerability for site transformers and electrical transmission infrastructure. However, the site is currently working with a local conservation authority to develop a stormwater control landscape design to further reduce the risk of additional site impacts.

Transitional opportunity example: GHG emissions from our own operations is consistently identified as a material issue in our materiality matrix. To manage this risk and opportunity for cost saving and reputational benefits we monitor energy consumption and GHG emissions against our voluntary energy and GHG reduction targets. Using this data, in 2018 we established a science-based target of 25% reduction in GHG emissions by 2025 from a 2016 baseline. Recognizing and accepting the need to accelerate carbon emission reduction in order to stay on track with keeping worldwide temperature rise to less than 2°C, in 2019 we set an even more ambitious science-based target of reducing Scope 1 and 2 GHG emissions by 60% by 2030 from our 2016 baseline. And in 2020 we accelerated our aim of achieving net zero emissions to 2040. We also have a number of energy projects budgeted to help us reduce our energy use and achieve this target.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Xerox recognizes that our business is directly affected by climate related regulations aimed at reducing energy use and GHG emissions in our direct operations and by our products. Our operations and our products are subject to environmental regulations in each of the jurisdictions in which we conduct our business and sell our products. For example, many of our products are already required to comply with the European Union's Energy-Related Products Directive (ERP) which has led to the adoption of “implementing measures” or "voluntary agreements" that require certain classes of products to achieve certain design and/or performance standards in connection with energy use,

		including the regulation of power consumption during standby/off mode and network standby. We must comply with applicable climate related regulations or potentially face market access limitations that could have a material adverse effect on our operations and financial condition. Our EHS&S department tracks emissions and energy legislation and policy that affect the company through trade associations and partnerships. The CSR Council works with the Corporate Compliance Office to assure demonstration of compliance with climate related laws, regulations and policies. Consequently, we consider issues including environmental compliance and laws, regulations or voluntary agreements relating to our energy use, reporting our GHG emissions and the energy efficiency of our products when assessing our environmental/social/economic impacts in our corporate CSR materiality assessment, quarterly CSR meetings and ERM processes.
Emerging regulation	Relevant, always included	Xerox recognizes that our business could be directly or indirectly affected by additional future climate related regulations and voluntary agreements aimed at further reducing emerging energy use and GHG emissions in our direct operations, by our products and by our supply chain. For example, the US EPA's ENERGY STAR eco-label specification for imaging equipment continues to introduce progressively more stringent energy efficiency requirements over time (Version 3.1 specification revision was recently finalized and went into effect in late 2020). This could present an increase in operating cost to the business. If Xerox was unable to meet the requirements and offer products that are as energy efficient as our competitors, there is also a risk of reduced demand for our products and market share. The increase in stringency of regulations, carbon taxes etc. aimed at limiting GHG emissions in the countries and states we operate, including cap and trade, do not directly impact Xerox, since we are not a regulated utility or heavy GHG emitter. However, they do have the potential to result in uncertainty in the cost of supplied energy, as energy generators/suppliers could pass on possible increased generation costs (to comply with the regulations) to the end user. For example, in the US, there remains uncertainty surrounding the EPA's proposed Clean Power Plan and economic studies on the impact of the rule of electricity prices have varied significantly. Given our current level of energy expenditure (including electricity, natural gas and mobile source fuel) changes in existing regulations that put an upward pressure on the cost of energy could increase the cost of doing business for Xerox in any affected region.

		The Office of Global Government Affairs is responsible for tracking external developments and determining relevancy to Xerox products and operations. Through trade associations and partnerships, our EHS&S department tracks future emissions and energy legislation and policy changes that may affect the company Consequently, we consider issues including emerging laws, regulations or voluntary agreements relating to our energy use, GHG emissions & reporting and the energy efficiency of our products when assessing our environmental/social/economic impacts in our corporate CSR materiality assessment, quarterly CSR meetings and ERM processes.
Technology	Relevant, always included	We operate in an environment of rapid technological developments, changes in industry standards, and demands of customers to become more efficient. Xerox recognizes that changes in technology and innovations that support the transition to an energy efficient and low-carbon economy, for example, developments in technology which improve the energy efficiency of our document printing products and services and the development of substitute products with lower emissions, represents both risks and opportunities for our business. The printing market and environment is changing because of new technologies and shifts in customer preferences in office printing. A significant part of our strategy and ultimate success in this changing market is our ability to develop and market technology, products and services that meet these changes. If we fail to accurately anticipate and meet our customers' needs through the development of new products, technologies and service offerings or if we fail to adequately protect our intellectual property rights, if our new products are not widely accepted or if our current or future products fail to meet applicable worldwide regulatory requirements, we could lose market share and customers to our competitors and that could materially adversely affect our results of operations and financial condition. Consequently, in our corporate CSR materiality assessment process, our quarterly CSR meetings and ERM processes we assess: • The environmental/social/economic impacts from the energy efficiency of our products including future challenges and opportunities for improvement, innovation and competitive advantage; and • How significantly customers are influenced by the energy efficiency of our products.
Legal	Relevant, always included	Recent years have seen an increase in climate-related litigation claims being brought by property owners, municipalities, states, insurers, shareholders, and public interest organizations. Reasons for such litigation include for example the failure of organizations to mitigate

		impacts of climate change, failure to adapt to climate change, and insufficient disclosure around material financial risks. Xerox recognizes that if we fail to meet, for example, climate- related legislation or our stakeholders' expectations there is potential that our business could be exposed to unfavorable publicity, litigation and possible financial obligations; any of which could have a material adverse effect on our profitability, cash flow and stock price. Consequently, in our corporate CSR materiality assessment process, our quarterly CSR meetings and ERM processes we assess: • Our environmental/social/economic impacts by considering issues including environmental compliance and laws, regulations or voluntary agreements relating to our energy use, GHG emissions and the energy efficiency of our products. • How significantly stakeholders (including investors, regulators and customers) are influenced by various climate related issues.
Market	Relevant, always included	Xerox recognizes that our business could be affected by climate-related market changes such as changes in the behavior of our customers, the decline in printed pages and the increase in electronic documentation. For example, the environmental awareness and consumer concern for climate change continues to increase, creating an increased demand for more sustainable products. Consumers expect organizations and businesses to tackle the carbon footprint of their own operations and help consumers reduce their carbon emissions during the use of products or services. Customers are increasingly demanding more energy efficient products with lower power consumption and a smaller "carbon footprint". The risk if Xerox took no action to keep up with market trends is that consumers would view our printing products as unsustainable in comparison to those of our competitors, which could potentially result in reduced demand for our products and loss of sales and market share. Consequently, in our corporate CSR materiality assessment process, our quarterly CSR meetings and ERM processes we assess: • The environmental/social/economic impacts from the energy efficiency of our products; and • How significantly customers are influenced by the energy efficiency of our products (including the impact on brand value and corporate reputation).
Reputation	Relevant, always included	Xerox recognizes that changing customer perceptions of our organization's contribution to, or detraction from, the transition to a lower-carbon economy is a potential reputational risk.

		For example, the environmental awareness of stakeholders, including investors and customers, is increasing, including concern regarding increasing electricity usage by ICT companies, as well as the in-use and standby-use power consumption of devices. If stakeholders perceive that Xerox was failing to address global climate related issues through its operations, products and services, or we were subject to negative publicity this could result in an adverse effect on our financial condition, loss of reputation and in turn loss in brand value and revenue. We regularly engage with our customers about sustainability issues including environmental programs, goals and performance through: • Specific conversations with targeted customers to solicit input into our materiality assessment • Customer Satisfaction System: real-time customer feedback in a closed-loop process • Customer Relationship Surveys • Xerox Customer Community and Forum • Our own blogs and all major social media platforms • Customer personalized portal offering • Xerox Corporate Focus Executive Program • Open Xerox website • Host sustainability forums with customers, sharing sustainability best practices and encouraging customers to reduce their environmental footprint. Consequently, in our corporate CSR materiality assessment process, our quarterly CSR meetings and ERM processes we assess: • The environmental/social/economic impacts from our own energy use and the energy efficiency of our products; and • How significantly stakeholders including customers and investors are influenced by the energy efficiency of our own operations and our products (including the impact on brand value and corporate reputation).
Acute physical	Relevant, always included	Xerox recognizes that our business could be directly and indirectly affected by acute physical impacts of climate change such as more frequent short-term business disruptions caused by severe weather (such as hurricanes, or floods) in locations where we operate. Severe weather could impair our ability to provide services to our customers and keep our costs aligned. For example, in 2018, hurricanes Michael and Florence caused damage to some of our customers' equipment (which we were required to replace). While the 2020 Wilsonville/Portland fires did not damage any facilities, smoke caused a closure of our manufacturing operations for two days. We have also outsourced a significant portion of our manufacturing operations to third parties and service providers. Some of Xerox's

		suppliers are in locations that have historically been impacted by severe weather. There is potential that those manufacturers may experience disruptions and manufacturing costs could be higher. Changing precipitation patterns causing extremes such as flooding, or drought could lead to energy and water resource shortages causing disruption in our operations. If any of these risks were to be realized, we could experience interruptions in supply or increases in costs that result in being unable to meet customer demand for our products, damage our relationships with our customers and reduce our market share; all of which could adversely affect our results of operations and financial condition. Consequently, in our CSR materiality assessment process, our quarterly CSR meetings and ERM processes: • Physical climate change issues are integrated into the assessments of our environmental/social/economic impacts from multiple relevant topics including energy, water use and supplier assessments • The potential risk for extreme weather to disrupt Xerox operations or our supply chain is also included in the ESG risks assessed as part of our ERM process. • In addition, in 2020 the Xerox EHSS team completed a Climate Scenario Analysis to identify and prioritize climate-related risk for Xerox manufacturing facilities and key suppliers. Major operating units and corporate functions (e.g. Real Estate) are responsible for evaluating site specific risks e.g. resiliency to events that impact Xerox's ability to achieve business objectives. Preparedness is achieved via the BCAP including business impact analysis of risks such as drought and flooding.
Chronic physical	Relevant, always included	Xerox recognizes that our business could be directly and indirectly affected by longer term physical impacts of climate change such as change in precipitation patterns. E.g. we have outsourced a significant portion of our manufacturing operations to third parties and service providers who require sanitary and process water to operate. Some Xerox suppliers are in locations that have historically been impacted by changing precipitation patterns. Therefore, there is potential that those manufacturers may experience disruptions and manufacturing costs could be higher. If any of these risks were to be realized, we could experience interruptions in supply or increase in costs that might result in our being unable to meet customer demand for our products, damage our relationships with our customers and reduce our market share, all of which could adversely affect our results of operations and financial condition. Consequently, the impacts of our suppliers including physical climate change issues are considered in our corporate CSR materiality assessment, Business Continuity Assurance Process, our quarterly

		CSR meetings and ERM processes. Our CSR materiality assessment also includes discussions with our suppliers, and supplier priorities is one of the criteria factored into this assessment. We have adopted the Responsible Business Alliance's (RBA) Code of Conduct on CSR for our suppliers which includes standards regarding water usage and pollution. To monitor compliance to the Code of Conduct and our suppliers' exposure to water risks, we use Self-Assessment Questionnaires and conduct site audits of our key suppliers. High risk suppliers include those who have high risk financial profiles, have zero tolerance or major observation issues during audits or are in high risk geographies. Other methods used to engage with our suppliers include: • Routine business reviews with key suppliers • Annual communication of Xerox supplier code of conduct to supplier base • Inclusion of small and diverse businesses through our Supplier Diversity Program The potential risk for physical climate-related risks (extreme weather) to disrupt Xerox operations or our supply chain is also included in the ESG risks assessed as part of our ERM process. In 2020 the Xerox EHSS team completed a Climate Scenario Analysis to identify and prioritize climate-related risk for Xerox manufacturing facilities and key suppliers. This will feed into ERM chronic risk assessments and planning.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Current regulation

Mandates on and regulation of existing products and services

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Company-specific description

Xerox recognizes that our business is directly affected by climate related regulations, standards and voluntary agreements aimed at reducing energy use and GHG emissions of our products.

If Xerox was unable to meet the energy efficiency requirements and unable to offer products that are as energy efficient as our competitors, there is a risk of reduced demand for our products and reduced market share. Changes to existing regulations, introduction of new regulations, or failure to comply with regulations requiring our products to meet certain levels of energy efficiency could also present an increase in operating cost to the business.

For example, the EU Imaging Equipment Voluntary Agreement requires office products to achieve certain performance standards, in connection with design for sustainability and energy efficiency, including the regulation of power consumption during standby/off mode and network standby. In addition, it holds manufacturers to extending the life of products and is introducing stringent cartridge remanufacturing criteria. Xerox has been a signatory to the Imaging Equipment Voluntary Agreement since it was established. The US ENERGY STAR standard/eco-label specification for Imaging Equipment is also introducing progressively more stringent energy efficiency requirements over time and for a broader range of products, including remanufactured products (Version 3.1 specification revision was recently finalized and went into effect in late 2020). While not a regulation, compliance with Energy Star is a default requirement for many customers and is regularly referenced in public sector procurement requirements, as well as other eco-labels including Blue Angel and EPEAT. Both EPEAT and Blue Angel require ENERGY STAR certification, as well as recycled content and responsible end of life management. Xerox acquires these ecolabels and maintains registrations for all eligible products. Such regulations and eco-labels are arising in all countries globally therefore, the need to continually improve the energy efficiency of our imaging equipment continues to be a high priority for Xerox.

As the whole industry is affected by these requirements, Xerox is not at a strategic disadvantage compared to our competitors. Nevertheless, it is essential that Xerox is able to offer products that are as energy efficient as our competitors.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

1,300,000,000

Explanation of financial impact figure

If our products do not meet energy efficiency regulations and standards, there is potential for this to result in reduced demand for our products and decreased sales revenue.

The extent of energy performance on final procurement decisions and hence the impact on revenue is unclear.

However, our total annual equipment sales market share is ~$1.6 Billion and we estimate annual sales of our products with an eco-label (i.e. annual sales of all our entry and mid-range products) is ~$1.3 Billion per year (based on 2020 sales data). If Xerox took no action to meet more stringent requirements introduced by applicable energy efficient regulations within the required time frame, and our competitors' products become more favorable to customers, than our products with an eco-label, this market share (~$1.3 Billion revenue per year) could be at risk.

The estimated financial impact and potential loss of revenue is therefore estimated to range from $0 to $1.3 Billion per year as a worse case.

A decrease in equipment sales will also have a secondary financial impact due to decreased sales of associated consumables, such as replacement toner cartridges and other post sales services such as maintenance.

Cost of response to risk

7,800,000

Description of response and explanation of cost calculation

To ensure that product design teams can incorporate timely environmental considerations, developments in regulations are tracked via formal processes including our Regulatory and Marketing Initiative Management System. The system includes gathering information from trade associations and regulatory tracking systems e.g. Information Technology Industry Council. We also solicit feedback from clients. The information gathered helps determine next steps such as joining a technical advisory team or collaborating on the development of new regulations. For instance, Xerox served as a technical advisor for V3.0 and 3.1 of the Energy Star specification for Imaging Equipment. Customer expectations are also tracked through our Bid and Tender management process.

Xerox manages compliance with product environmental requirements through our formal product design process and scientists in our materials research group evaluate aspects of energy, materials and sustainability to continually improve our products

Our goal remains to have 100% of newly launched eligible products achieve EPEAT silver or gold and ENERGY STAR status

Cost of response: Costs to track product energy efficiency regulations, monitor product energy efficiency, and implement energy efficiency measures, are integrated in our normal business processes and are estimated to be approximately $7.8M annually. This estimate is based on 50% of the EHS&S budget devoted to market access ($1.5M), 0.5% of the development teams RD&E budget ($1.5M), and $4.8M for EPEAT reverse logistics to strip parts for reman and recycle.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical

Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact

Increased direct costs

Company-specific description

Xerox could be directly impacted by more frequent short-term business disruptions as a result of severe weather/natural disasters e.g., flooding and winter snow storms in locations where it operates, particularly in the Mid-West and Northeast United States. These events could impair our ability to effectively provide services to our customers and keep our operating costs aligned to our associated revenues and market requirements.

For example:

• In 2012, 76 Xerox facilities were forced to close for a limited time and 102 customers in the United States were impacted by Super Storm Sandy.

• In 2014, severe winter weather forced the closure of our American Logistics Center for parts and supplies.

• In 2017, hurricanes Harvey, Irma and Maria caused irreparable damage to 4 company vehicles used by our technical services representatives/sales personnel (two vehicles in

Texas, one in Georgia and one in Puerto Rico).
• In 2018, hurricanes Michael and Florence caused damage to some of our customers' equipment, which we were required to replace, and flooding to some company cars. Also in 2018, Typhoon Yutu caused power outages that lasted for days, requiring mold assessments and cleanup/remediation for Xerox office areas.
• In 2020 , forest fires raged near our Wilsonville, Oregon manufacturing facility, forcing a two-day closure of the facility due to heavy smoke. While there was no lasting facilities impact, this event had the potential to cause substantial damage to the facility and major interruptions to our ability to produce products.

However, events during the recent past have shown how our business continuity practitioners have worked in concert with our processes to ensure the safety of people and assets and the resumption of business.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

6,000,000

Potential financial impact figure – maximum (currency)

20,000,000

Explanation of financial impact figure

Should our facilities experience a disruption in their production due to severe weather, e.g. damage to our facilities or impact to our workforce, there would be increased operating, production and, potentially also capital costs to Xerox. The $ impact would depend on the type and location of the facility. E.g. the total Net Impact cost to Xerox associated with Hurricane Sandy was estimated at ~$630K which included cost/damage to Xerox facilities (<$20,000) In 2017, the cost of shutting down one of our US manufacturing plants for 2 days due to a wind storm was $200K.

However our Business Resumption Plan analysis indicates that as a worst case, should one of our toner sites be unable to operate unexpectedly for a period of three months due to facility damage from severe weather, the additional direct costs to Xerox associated with emergency actions to switch toner production to one of our facilities in another location and higher shipping costs for raw materials and finished goods would

likely be in the range of $2M - $4M for a single event. Assuming 3-5 such incident over a 10 year period gives total increased costs in the range of $6-20M over ten years (i.e. $2M x 3 events and $4M x 5 events).

The estimated financial impact and potential increase is direct costs is therefore estimated to range from $6 Million to $ 20 Million over a ten year period.

Cost of response to risk

500,000

Description of response and explanation of cost calculation

Resiliency and effective response to any type of event, environmental or otherwise, that may impact our ability to achieve our business objectives is a critical business requirement. These objectives include: the safeguarding of human and capital assets; cash flow; reputation and brand. At Xerox, preparedness is achieved through a management system known as the Business Continuity Assurance Process (BCAP). Business continuity is a critical component of the Xerox risk management portfolio. It includes four disciplines:

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

The Business Continuity process includes business impact analyses (including physical climate risk such as storms and temperature extremes), self-assessments/audits, periodic validations, and plan status reporting to Xerox management.
Each individual site has a Business Resumption Plan, which allows them to prepare for risks of climate changes at their site. Annually plan drills are conducted and risks such as hurricanes and floods are included in the drills. Geographic risks including availability of water and flooding potential are included in the decision checklist used by Corp. Real Estate when considering site expansions and acquisitions.

Cost of response: Cost to run the Business Continuity program office (1 full time employee) to prepare, review, update and annually test the BRP, plus approximately 250 worldwide business continuity coordinators and practitioners, is integrated into our normal operations and businesses processes, but are estimated to be less than $500k/yr.

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Market

Changing customer behavior

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Company-specific description

Our business could be affected by climate- related market changes such as changes in the behavior of our customers, the decline in printed pages and the increase in electronic documentation. The environmental awareness of consumers and their concerns regarding climate change is increasing globally, creating an increased demand for more sustainable products. Consumers expect organizations and businesses to tackle the carbon footprint of their own operations and help consumers reduce their carbon emissions during the use of products or services. The risk if Xerox took no action is that consumers would view our products as unsustainable in comparison to those of our competitors, which could potentially result in reduced demand for our products and loss of sales and market share.

For example, lifecycle assessments have demonstrated that paper is by far the largest lifecycle energy and CO2 impact of printing. [Life-Cycle Analysis in the Printing Industry: A Review. Bosquin, J. et. al. http://print.rit.edu/pubs/picrm201105.pdf]. This resulted in customers looking for ways to reduce their paper consumption and printing, and market trends, including declines in installation and printed pages, fewer devices per location and an increase in electronic documentation.

Rather than see a reduced demand for Xerox products this has prompted Xerox to develop new products and services that directly result in paper reduction. For example, our Managed Print Services can help to reduce the environmental impact of a business by decreasing paper waste and carbon footprint. These solutions are also proving effective in tackling paper-to-digital workflow efficiency by providing key analytics to help understand the way in which paper is used in today's business world.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

320,000,000

Potential financial impact figure – maximum (currency)

1,100,000,000

Explanation of financial impact figure

If we do not meet customers' expectations for energy efficient products, there is potential for this to result in reduced demand for our products and decreased sales revenue. The extent of energy performance on final procurement decisions and hence the impact on revenue is unclear.

However, our total equipment sales market share is ~$1.60 Billion per year. Based on requests from customers, we estimate that ~20% of our equipment sales are driven by the energy efficiency of our products. Therefore, we can assume that 20% of our market share- ~$320M per year (i.e. 20% of $1.6 Billion) could be at risk if we took no action to respond to consumers' demands for energy efficient products.

Furthermore, 20% of our post-sales revenue of ~$5.5 Billion per year is equivalent to an additional $1.1B per year of revenue which could also be at risk if contracts are not won because we do not meet customers' expectations for energy efficient products.

The estimated financial impact and potential loss of revenue is therefore estimated to range from $320M to $1.1 Billion per year as a worse case.

Cost of response to risk

7,800,000

Description of response and explanation of cost calculation

Xerox has been a leader in customer led innovation. Xerox launched the Customer Relationship Survey, which compiles valuable insights into customer behavior in a centralized database

Xerox continues to invest in the R&D of products with a lower environmental impact. E.g. Xerox has met consumer demand for increased product energy efficiency and reduced GHG emissions and paper consumption by the following offering

• Since 1993, have introduced >500 copier, printer, fax and multifunction products that have ENERGY STAR status
• Launched 29 new ConnectKey-enabled products (a software that enables information to be moved to and from the cloud. Cloud computing is recognized worldwide as less energy intensive than data centers)

We regularly communicate the company-wide commitment to environmental stewardship through our annual CSR report.

Cost of response:
The cost to conduct customer relations surveys is integrated into the ongoing and

normal operations of our worldwide sales teams.
Costs to monitor, product energy efficiency, and implement energy efficiency measures are integrated into our normal operations and are estimated to be approximately $7.8M annually. This estimate is based on 50% of the EHS&S budget devoted to market access ($1.5M), 0.5% of the development teams RD&E budget ($1.5M), and $4.8M for EPEAT reverse logistics to strip parts for reman and recycle.

Approximately 1% of Xerox total revenue is spent on brand related marketing, e.g. costs associated with marketing efforts to maintain consumer awareness of Xerox sustainability efforts (e.g. annual production of the CSR report) are also integrated into our normal operations but are estimated to be ~$1M/yr

Comment

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Reputation
Shifts in consumer preferences

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Company-specific description

Our brand recognition, reputation for document management expertise, innovative technology and service delivery excellence are our competitive advantages. However, changing customer perceptions of our organization's contribution to or detraction from the transition to a lower-carbon economy is a potential reputational risk. The environmental awareness of stakeholders, including investors and customers, is increasing, including concern regarding increasing electricity usage by ICT companies, as well as the in-use and standby-use power consumption of devices. If stakeholders perceive that Xerox was failing to address global climate related issues through its operations, products and services, loss of reputation and in turn, loss in brand value and sales revenue could result.

Time horizon

Short-term

Likelihood

Very unlikely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

320,000,000

Potential financial impact figure – maximum (currency)

1,100,000,000

Explanation of financial impact figure

If stakeholders perceive that Xerox was failing to address climate issues through its operations, products and services there is potential for reduced demand for our products and decreased sales revenue.

In 2016, Interbrand placed Xerox brand value at $5.3 billion. Attempts to quantify changes in reputation on brand value have proven difficult. However, an event (reputational risk) that caused a reduction in the stated brand value (our brand is diminished) could result in decreased sales and revenue.

The extent of the climate and energy related performance of our brand on procurement decisions and revenue is unclear. However, our total equipment market share is ~$1.6 Billion per year and we estimate that ~20% of our equipment sales are driven by the energy efficiency of our products. Therefore, we can assume that 20% of our market share ~$320M per year (i.e. 20% of $21.6 Billion) could be at risk if stakeholders perceive that Xerox was failing to respond to demands for more sustainable products and our brand equity diminished.

Furthermore, 20% of our post-sales revenue of ~$5.5 Billion per year is equivalent to an additional $1.1Billion per year of revenue could also be at risk if contracts are not won because stakeholders perceive that Xerox was failing to address climate issues through its operations, products and services.

The estimated financial impact and potential loss of revenue is therefore estimated to range from $320M to $1.1 Billion per year as a worse case.

Cost of response to risk

1,000,000

Description of response and explanation of cost calculation

Our brand is a valuable resource and continues to be ranked in the top percentile of the most valuable global brands. Annually, Xerox conducts brand awareness and perception surveys and measures its brand influence through internal and external

analytical programs including the Customer Relationship Survey. Marketing and sales coverage investments are influenced by brand data, specifically levels of perception and consideration among key customer groups.

Actions we have taken to maintain our brand recognition and customer awareness of the contribution of our products and services to a lower-carbon economy include:
• In 2019, Setting a new, science-based corporate target to reduce GHG emissions 60% by 2030 from a 2016 target
• In 2020, establishing and communicating our corporate intent of being net zero by 2040.
• Continuing our strong commitment to improving the energy efficiency of our products as evidenced by continuing to meet stricter environmental labels such as ENERGY STAR 3.1 and EPEAT.
• In 2018, we partnered with PrintReleaf to offer our manage print services customers the opportunity to purchase certified reforestation/biomass credits for all paper they consume
• We regularly communicate the company-wide commitment to environmental stewardship through our CSR Report

Cost of response: Approximately 1% of Xerox total revenue is spent on brand related marketing activities. E.g. costs associated with efforts to maintain consumer awareness of Xerox sustainability efforts (e.g. annual production of the CSR report) are integrated into our normal operations but are estimated to be ~$1M/yr.

Comment

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Acute physical

Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact

Increased direct costs

Company-specific description

We have outsourced a significant portion of our overall worldwide manufacturing operations to third parties and various service providers. Some Xerox suppliers are in locations that have historically been impacted by severe weather. Therefore, there is potential that those manufacturers may experience disruptions, manufacturing costs

could be higher than planned and the delivery of our products could be impacted. Xerox suppliers could be impacted by more frequent business disruptions because of severe weather, resulting in a reduction/disruption in production capacity and electronic components that are unavailable or cannot be shipped to Xerox in a timely manner.

If any of these risks were realized, we could experience interruptions in supply or increases in costs that might result in our being unable to meet customer demand for our products, damage our relationships with our customers and reduce our market share, all of which could adversely affect our results of operations and financial condition.

For example, the Japanese tsunami in March 2011 resulted in business interruptions and additional costs to Xerox due to premium air-freight charges.

In 2018 a number of our US suppliers in the Gulf of Mexico experienced short term closures due to impacts from Hurricanes Michael and Florence and flooding in Texas. Service calls in our Midwest NSP territories also experienced delays due to severe winter weather impacting travel.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

20,000,000

Potential financial impact figure – maximum (currency)

523,000,000

Explanation of financial impact figure

Should our key suppliers experience a disruption in their production capacity or be unable to operate due to severe weather events, damage to their facilities and/or impact their workforce, there would likely be increased operating and production costs to Xerox associated with sourcing and transporting the same products from alternative suppliers. The impact has not been fully quantified financially but would depend on the type and location of the supplier.
For example, during the Japanese tsunami in March 2011 additional costs to Xerox to freight products by air was ~$20M. In 2017 (although not climate related) we

experienced a spike in air freight volumes and costs to ease delays in our supply chain. In 2018, a number of our US suppliers in the Gulf of Mexico experienced short term closures due to impacts from Hurricanes Michael and Florence and flooding in Texas. Service calls in our Midwest NSP territories also experienced delays due to severe winter weather impacting travel.

However, the maximum estimated financial impact is calculated by assuming a 5% increase in our annual transportation and acquired product spend with key suppliers (~$10B + $460M), which would increase our annual direct costs by $523M per year (i.e. 5% of $10.46 Billion).

The estimated financial impact and potential increase in revenue is therefore estimated to range from $20 to $523 Million per year.

Cost of response to risk

500,000

Description of response and explanation of cost calculation

Xerox has formal Business Resumption Plans (BRP) for parts or subassemblies so that in the event of a climate related natural disaster there would only be a temporary disruption while orders are moved to alternate suppliers. We require that all 'critical' suppliers maintain BRP plans and we audit the plans. 'Critical' suppliers are identified based on:

• Business risk: length of time to resume normal business, % of revenue, propensity for natural disasters

• Revenue impact: amount spent, spread across Xerox product families.

Xerox Global Procurement department works with our supply chain partners to identify alternative suppliers in the event of a supply or services continuity issue. All our key suppliers in Asia have BRPs. Commodities are ranked according to criticality and resources are allocated to mitigate the impact should these commodities become unavailable during disasters, such as buffer inventory of up to 2 months or alternate sources. E.g. during the Japanese tsunami in 2011 our Business Continuity process ensured that business interruptions were minimized by sourcing and air freighting the same products from alternative suppliers.

Cost of response: Costs to run the Business Continuity program office (1 full time employee) to prepare, review and update and annually test the BRP, plus approximately 250 worldwide business continuity coordinators and practitioners, are integrated into our normal operations and businesses processes, but are estimated to be less than $500k/yr

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

An increase in regulations and standards requiring products to meet certain levels of energy efficiency not only creates an increased awareness and demand among consumers but presents a global opportunity for Xerox to provide more products that are more energy efficient compared to our competitors. It creates a marketing opportunity to showcase products that are industry leaders, increasing demand for Xerox products and in turn, our market share.

For example, the US ENERGY STAR standard/eco-label specification for Imaging Equipment is introducing progressively more stringent energy efficiency requirements over time and for a broader range of products (the Version 3.0 specification revision was recently finalized and went into effect in October 2019.). While not a regulation, compliance with Energy Star is a default requirement for many customers and is regularly referenced in public sector procurement requirements, along with other eco-labels including Blue Angel and EPEAT. This creates a potential opportunity for Xerox to be an earlier adopter of the V3.0 specification and/or provide a broader range of ENERGY STAR products.

In March 2017, Xerox launched 29 new ConnectKey-enabled products. 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.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

80,000,000

Explanation of financial impact figure

The increase in development and demand for more energy efficient and low emission products presents a potential for Xerox to provide more products that are more energy efficient compared to our competitors thus increasing demand for Xerox products and in turn our sales revenue.
While energy efficiency criteria grow in prominence in public and private procurement specifications, it is uncertain as to whether energy performance has a substantial impact on the final procurement decisions; hence the impact on revenue is unclear.

However, our total equipment market share is ~$1.6 Billion per year. Assuming developments in technology and ecolabel requirements would enable us to expand our range of eco label and low carbon products and services, resulting in a maximum 5% increase in sales, our sales revenue could increase by up to $80M/yr. (i.e. 5% of $1.6Billion)

The estimated financial impact and potential increase in revenue is therefore estimated to range from $0 to $80 Million per year.

Cost to realize opportunity

7,800,000

Strategy to realize opportunity and explanation of cost calculation

Developments in regulations are tracked via a number of formal processes including our Regulatory and Marketing Initiative Management System. The system includes gathering information from trade associations and regulatory tracking systems.

E.g. Xerox served as a technical advisor for the ITI for V3.0 of the Energy Star specification for Imaging Equipment. Xerox manages compliance with product environmental requirements through our formal product design process, in which design requirements are implemented to achieve the performance expectations set by regulations and certifications. Our goal remains to have 100% of newly launched eligible products achieve EPEAT silver or gold and ENERGY STAR status. In 2018, we became the first to register printing devices in 11 EU Countries.

Xerox continues to invest in R&D of energy-efficient product designs to meet future customer demands. We direct our R&D investments to areas such as data analytics, business process automation, and reducing the environmental impact of digital printing.

Cost to realize: Costs to track product energy efficiency regulations, monitor product energy efficiency, and implement energy efficiency measures, are integrated into our normal operations, and are estimated to approximately $7.8M annually. This estimate is based on 50% of the EHS&S budget devoted to market access ($1.5M), 0.5% of the development teams RD&E budget ($1.5M), and $4.8M for EPEAT reverse logistics to strip parts for reman and recycle.

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of climate adaptation, resilience and insurance risk solutions

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

We recognize opportunity in business resumption challenges experienced by other businesses impacted by adverse weather through increased demand for our services offerings. As the frequency and severity of extreme weather associated with climate

change increases, negative weather impacts such as severe changes in precipitation extremes, tropical storms and more intense winter storms may be partially offset by revenue opportunities associated with Xerox business continuity products. Xerox can reduce interruption and keep customers “up and running” after they have been impacted because of realization of climate change risks and in turn enable them to adapt to the physical changes associated with climate change.

For example, Xerox® DocuShare® Private Cloud Service manages and stores information in a secure central repository, in the cloud, which provides access to business critical content online and offline, through desktop and mobile devices, from encrypted user authentication to internet firewalls to regularly scheduled backups, offsite storage and site replication—to ensure the safety and availability of our customer’s data at any time, including if our customers have been impacted by adverse weather or other disruptive events. When an organization gets its technical infrastructure and software as a service through a cloud, the potential for a significant weather related disaster to shut down the services or lose data is low.

Xerox is also working to address customer issues faster, and with less environmental impact, with expanded remote solve capabilities. In January of 2021 Xerox announced the acquisition of CareAR™, an augmented reality support platform company that provides real-time access to expertise for customers, employees, and field workers. With CareAR™ software, remote agents and experts can virtually see the situation and visually guide a solution using a suite of augmented reality tools via desktop, mobile, and smart glass devices, as if they were in-person. This is expected to improve remote solve of customer issues, resulting in fewer on-site service calls and a reduction in Xerox service call miles, fuel usage and associated GHG emissions. In addition to the environmental benefits, this technology will enable Xerox to serve customers more effectively and strengthen customer loyalty.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

17,000,000

Explanation of financial impact figure

Physical climate related impacts present potential revenue opportunities associated with Xerox business continuity products. Xerox can reduce interruption and keep customers “up and running” after they have been impacted as a result of realization of climate change risks and in turn enable them to adapt to the physical changes associated with climate change.

For example, increased demand for Xerox cloud-based products would result in increased revenue to Xerox.

In 2018, revenue from Xerox Intelligent Workplace Services offering (which includes our workflow automation services portfolio) was ~$3,457 Million. Therefore, assuming a maximum 0.5% increase in our annual revenue from our Intelligent Workplace Services offering equates to up to a ~$17 Million per year increase in sales revenue (i.e. 0.5% of $3457 Million).

The estimated financial impact and potential increase in revenue is therefore estimated to range from $0 to $17 Million per year, excluding as yet undisclosed Cleantech financial impacts.

Cost to realize opportunity

373,000,000

Strategy to realize opportunity and explanation of cost calculation

Xerox has a rich heritage of innovation, and it continues to be a core strength of the company as well as a competitive differentiator. Our aim is to create value for our customers, our shareholders and our people by driving innovation in key areas. Investment in R&D is critical for competitiveness in our fast-paced markets.
To realize this opportunity, we direct our R&D investments and innovation to align with our strategic growth opportunities in areas including:
• Simplifying, automating and enabling business processes on the cloud via developing new products with flexible platforms that run on robust and scalable infrastructure to enable greater business process agility and resilience; and
• Reducing the environmental impact of digital printing including cloud-based printing
• Cleantech innovation focused on radical efficiency improvements for industrial and consumer applications, industrial decarbonization strategies to reduce manufacturing emissions, and GHG sensing and management technologies to measure and verify emissions, identify and eliminate leaks, and effectively capture and store carbon.

Our innovation goals are supported by cross disciplinary research programs in our research centers. The goal of Cleantech is mitigating GHG emissions by delivering innovative solutions to new customers and market segments. For instance, air conditioning is responsible for 3% of all worldwide greenhouse gas emissions – more than the entire airline industry. PARC scientists and engineers are currently demonstrating and scaling up technologies to improve air conditioning efficiency by 80%

using electrochemical concepts to remove moisture from inlet air. We anticipate strong emerging markets in India, China, Brazil and Indonesia. Potential financial impact is not yet publicly available, but could be significant.

Cost to realize: Costs to grow this business are integrated into our normal operations and businesses processes, but we have aligned our R&D investment portfolio with our growth opportunities in areas such as workflow automation, as well as reducing the environmental impact of digital printing. Our fleet of new multifunction devices will help our customers transform how they work with leading security, high-performance apps, on-the-go print capabilities and cloud connectivity. The cost to realize is therefore based on our total annual Xerox R&D expenses, which totaled $373 million in 2019.

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

Energy cost avoidance: Focusing on energy efficiency to achieve emissions reduction targets within our company operations also presents significant global cost savings opportunities from reduced electricity, gas and mobile source fuel consumption.

Focusing on energy efficiency and emission reduction also results in additional reputational benefits.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

460,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Focusing on improving the energy efficiency of our operations presents an opportunity to reduce operating (energy) costs. For example. energy efficiency activities implemented between 2002 and 2015 is estimated to have saved the company ~$21 million in energy costs from reduced electricity, gas and mobile source fuel consumption.

In 2018, measures and initiatives to reduce energy consumption across the company (e.g. HVAC and compressed air upgrades) has resulted in energy savings of ~$460,000/year in total. We have therefore calculated the potential annual financial impact, and reduction in annual operating costs, based on actual annual energy costs savings realized in 2018. Energy savings benefits from infrastructure upgrades continue year-to-year.

Cost to realize opportunity

2,000,000

Strategy to realize opportunity and explanation of cost calculation

To manage this opportunity for cost saving and reputational benefits we implemented an ongoing energy reduction program and monitor energy consumption against our voluntary energy and GHG reduction targets. For example in 2019, having met its previous target of 25% reduction in GHG emissions by 2025 from a 2016 baseline, Xerox set a new, more aggressive science-based target of 60% reduction in GHG emissions by 2030 from the same 2016 baseline. In 2019, we achieved a 19% reduction in total energy use from 2016, as well as a 29% reduction in GHG emissions compared to 2016

We have several projects scheduled/budgeted to help us reduce our energy use and achieve this target, including lighting upgrades, Air Handling Unit Controls upgrades and boiler blowdown heat recovery economizer replacement at our Webster, NY location and optimization in operations all around North America.
Facility energy usage and cost is also tracked for all sites where energy is paid directly by Xerox. We strategically manage energy procurement to provide the lowest risk mitigated energy cost.

The costs to realize the opportunity include implementing energy efficiency projects and initiatives e.g. in 2018 our budget for capital projects with associated energy savings

and energy related operational improvements was ~$2M
We invested ~$1,000,000 in measures to reduce energy consumption and carbon emissions across the company such as:
• New air compressor and compressed air control systems
• Two projects at the Webster, NY campus to utilize 'free cooling' systems in place of mechanical cooling for CHW systems
Budgeted projects that were not implemented were deferred to 2019.

We have therefore calculated the annual costs to realize this opportunity, based on the actual 2018 our budget for capital projects with associated energy savings and energy related operational improvements.

Comment

Identifier

Opp4

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Our brand recognition, reputation for document management expertise, innovative technology and service delivery excellence are our competitive advantages.

The environmental awareness of consumers globally is increasing, creating a demand for more sustainable products. Consumers expect organizations and businesses to tackle the carbon footprint of their own operations and help consumers reduce their carbon emissions during the use of products or services. For example, lifecycle assessments have demonstrated that paper is by far the largest lifecycle energy and CO2 impact of printing. [Life Cycle Analysis in the Printing Industry: A Review. Bosquin, J., et. al. http://print.rit.edu/pubs/picrm201105.pdf]. This has resulted in customers looking for ways to reduce their paper consumption and printing, but also presents opportunities for Xerox to develop new products and services that directly result in paper reduction.

Consequently, Xerox has developed office solutions to provide services such as scan to email and print drivers that allow users to set duplex to default, n-up printing, turn off

banner pages, etc. In late 2009, Xerox introduced the “earth smart” feature on its print driver, which makes several of the features which enable responsible printing available at the click of an icon. This driver feature has been rolled out on individual products and was released in the global driver in mid-2010. Our Managed Print Services can help reduce the environmental impact of a business by decreasing paper waste and carbon footprint. These solutions are proving effective in building toward properly tackling paper-to-digital workflow efficiency by providing key analytics to help understand the way in which paper is used in today’s business world.

Customers are also increasingly demanding more energy efficient products with lower power consumption and a smaller “carbon footprint”. Increasing customer demand for energy efficient products and electronic delivery of documents creates opportunities for innovations in Xerox product design and operation.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

350,000,000

Explanation of financial impact figure

Being at the forefront of product innovations which use less energy while maintaining product efficiency presents business opportunities and helps us to gain/maintain our market position. Maintaining or increasing market share has a direct link to business revenue and profitability.

The potential annual financial impact, and increase is revenue is calculated by assuming a 5% increase in our current total market share (of $7 Billion) due to our improved brand recognition and reputation for creating sustainable products and services. This would increase revenue by up to a maximum of $350M (i.e 5% of $7 Billion) per year.

The estimated financial impact and potential increase in revenue is therefore estimated to range from $0 to $350 Million per year.

Cost to realize opportunity

8,000,000

Strategy to realize opportunity and explanation of cost calculation

Xerox has long been a leader in customer led innovation. In 2012 Xerox launched the Customer Relationship Survey which standardized the way Xerox collects and analyzes customer feedback worldwide and compiles valuable insights into customer behavior in a centralized database.

Xerox continues to invest in R&D of products and consumables with a lower environmental impact and has met consumer demand for product energy efficiency and reduced GHG emissions and paper consumption by for example:
• Introducing >500 copier, printer, fax and multifunction products that have ENERGY STAR status since 2009
• In 2018 we partnered with PrintReleaf to offer our manage print services customers the opportunity to purchase certified reforestation/biomass credits for all paper they consume
We also regularly communicate the company-wide commitment to environmental stewardship through our annual CSR report

Costs to realize: Costs to conduct customer relations surveys are integrated into the normal operations of our worldwide sales teams. Costs to implement energy efficiency measures are integrated into our normal operations but are estimated to be <$7M/yr (<0.1% of total operating costs of ~$7 Billion). Approximately 1% of Xerox total revenue is spent on brand related marketing and costs associated with marketing efforts to maintain consumer awareness of Xerox sustainability efforts (e.g. production of the CSR Report) are estimated to be ~$1M/yr. Breakdown of R&D spending by category is not publicly communicated and is not included in this estimate.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes

C3.1b

(C3.1b) Does your organization intend to publish a low-carbon transition plan in the next two years?

	Intention to publish a low-carbon transition plan	Intention to include the transition plan as a scheduled resolution item at Annual General Meetings (AGMs)	Comment
Row 1	Yes, in the next two years	No, we do not intend to include it as a scheduled AGM resolution item	As part of its Net Zero by 2040 greenhouse gas target, Xerox is developing a low carbon transition plan that will cover Scope 1, 2 and 3 emissions. Initial focus is on developing an internal roadmap to carbon zero that encompasses Scope 1 and 2 activities. Subject matter experts from the corporate EHS&S team are working with management teams and process owners to establish GHG emission profiles to facilitate project identification and prioritization for our facilities and manufacturing operations, service and fleet operations, product and supplies design, packaging design, remanufacturing activities and Xerox cleantech/innovations. Roadmap activities include setting intermediate internal targets and milestones and identifying appropriate targets and metrics (KPIs) to ensure timely progress towards our low carbon goal. Progress towards attaining targets and KPIs will be tracked by corporate EHS&S and provided to the CSR Council, who will keep the Board and the CEO apprised of progress. In addition to establishing a detailed internal low carbon transition plan, Xerox will also be publicly communicating its net zero goals and low carbon transition plan in the summer of 2021.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
2DS RCP 2.6	In 2020, Xerox completed a qualitative, forward-looking climate scenario analysis using two alternative temperature scenarios; “Low Carbon Future <2°C” and “Extreme Global Warming 4°C”. This analysis evaluated physical climate risks and resilience at all Xerox manufacturing locations and key facilities, critical supplier locations and customer related activities, and includes site-specific analysis against a range of potential climate-related acute and long-term physical risks as well as transition risks that impact Xerox’s markets, technology, regulatory requirements and reputation. The “Low Carbon Future <2°C” was assessed using the IEA’s World Energy Outlook 2DS and IPCC’s RCP 2.6 scenarios. These ambitious climate transition scenarios, were selected as they have been commonly used climate scenario for many years and are widely used by policy makers and business stakeholders to assess their climate strategies. For Xerox this represents significant climate impact as well as higher transition and opportunity risks as part of a faster-moving transition to low carbon technologies. The IEA and IPPC models make assumptions about technology, energy policy, CO2 prices, fuel prices, energy use, resources, markets and various societal, political and economic drivers such as population and GDP. No changes were made to the inputs or assumptions in the scenarios. Our climate change-related scenario analysis considered medium (2030-2040) and long-term (2050) time frames. The timeframes are relevant to Xerox due to our goals to reduce GHG emissions by at least 60% by 2030 and to achieve net zero carbon no later than 2040. Any identified significant risks, opportunities or adaptive measures would need to be addressed in our net-zero roadmap (currently under development), our short-term business strategies and capital planning activities. The long-term timeframe is relevant due to international policies that are in place (e.g.: Paris Climate Accord) and, at the time, aligned with Xerox’s net zero by 2050 goal (which has since been moved up to 2040). The 2DS scenario showed that Xerox’s greatest transition risks and opportunities lay in competitors acting faster with new technologies or more appealing offerings (including sustainability services). This qualitative analysis is being used to screen and prioritize material risks to Xerox facilities and supply chain continuity by our CSR Council, Enterprise Risk Management (ERM) specialists and upper management. Senior Management, and other decision makers will further evaluate specific risks that climate change presents to the Xerox business model and key assets and will help highlight the risks, opportunities, priorities and necessary actions that must be accounted for

	in wider strategic business decisions. As an outcome of the Climate Scenario Analysis, “transition risk” (specifically, the reputational and operational risks associated with potentially not achieving Xerox’s science-based GHG target and net zero by 2040 goals) and physical risks (specifically, supply chain interruption due to climate change) have been added to the ERM major risks dashboard and are monitored monthly by ERM specialists and upper management.
RCP 4.5 Other, please specify IEA 4DS	In 2020, Xerox completed a qualitative, forward-looking climate scenario analysis using two alternative temperature scenarios; “Low Carbon Future <2°C” and “Extreme Global Warming 4°C”. This analysis evaluated physical climate risks and resilience at all Xerox manufacturing locations and key facilities, critical supplier locations and customer related activities, and includes site-specific analysis against a range of potential climate-related acute and long-term physical risks as well as transition risks that impact Xerox’s markets, technology, regulatory requirements and reputation. The “Extreme Global Warming 4°C” was assessed using the IEA’s World Energy Outlook 4DS and IPCC’s RCP 4.5 scenarios. These limited climate transition scenarios model current strategies and recent climate pledges extended to 2050. Given the slowing of US climate ambitions under the Trump administration and uncertainty of near-term US political direction, this temperature scenario was selected to represent a very real worst-case climate possibility. For Xerox, the 4DS scenario would represent a broad range of climate impacts and physical risks impacting our facilities, supply chain and customers in potentially catastrophic ways. The IEA and IPPC models make assumptions about technology, energy policy, CO2 prices, fuel prices, energy use, resources, markets and various societal, political and economic drivers such as population and GDP. No changes were made to the inputs or assumptions in the scenarios. Our climate change-related scenario analysis considered medium (2030-2040) and long-term (2050) time frames. The timeframes are relevant to Xerox due to our goals to reduce GHG emissions by at least 60% by 2030 and to achieve net zero carbon no later than 2040. Any identified significant risks, opportunities or adaptive measures would need to be addressed in our net-zero roadmap (currently under development), our short-term business strategies and capital planning activities. The long-term timeframe is relevant due to international policies that are in place (e.g.: Paris Climate Accord) and, at the time, aligned with Xerox’s net zero by 2050 goal (which has since been moved up to 2040.). The 4DS scenario was used to determine highest physical risks. We used company data to map cost-intensive Xerox and supplier operations against assessments of sea level rise, extreme storms, extreme precipitation, river and

	coastal flooding, and extreme temperature, drought and fire risks to categorize the expected degree of impact for each location. Our Dundalk (Ireland), PARC (Palo Alto, CA) and Venray (Netherlands) manufacturing and research sites were found to be at highest physical risk due to sea level rise, drought and fire. Multiple suppliers located in coastal areas were found to be at high risk of sea level rise and flooding, extreme storms and extreme temperature risk. This qualitative analysis is being used to screen and prioritize material risks to Xerox facilities and supply chain continuity by our CSR Council, Enterprise Risk Management (ERM) specialists and upper management. Senior Management, and other decision makers will further evaluate specific risks that climate change presents to the Xerox business model and key assets and will help highlight the risks, opportunities, priorities and necessary actions that must be accounted for in wider strategic business decisions.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Our products and services have been impacted by: • current regulations, standards and voluntary agreements requiring our products to meet levels of energy efficiency including the EU Energy Related Products Directive, the US ENERGY STAR standard/eco-label (policy and legal risk) • changes in consumer preferences toward energy efficient products (market and reputation risk) • opportunities to develop low emissions products and business continuity products Consequently, one of the most important components of our immediate/short term (0-5 year) business strategy is to create value for our customers and shareholders by enhancing the sustainability benefits of our products and services and innovating business solutions. We offer more sustainable digital printing and document management solutions that can improve our customers' environmental performance and mitigate climate change by providing alternative solutions to replace current energy intensive processes and behaviors. Our product design is governed by global regulations and Xerox Corporate EHS&S Policy, which states that Xerox will "Address climate change by

		reducing the carbon footprint of our operations, products, and services" For example: • LCAs have demonstrated that paper is the largest lifecycle energy and CO2 impact of printing. This prompted us to decide to develop new products and services that help customers understand their paper consumption. • In 2017, Xerox launched 29 new ConnectKey-enabled products. This software enables information to be moved to/from the cloud. Cloud computing is an alternative to large data centers and is being recognized worldwide as less energy intensive. • In early 2019, Xerox decided to updated its phase gate-based product delivery process to integrate sustainability goals into product design. As part of this process, Xerox mandated that ALL new eligible products achieve EPEAT Gold. This strategic decision ensures that the Xerox product line continues to improve energy efficiency, promote reuse / recycling and responsible end of life management. All EPEAT Gold products are supported by product life cycle assessments (LCAs). As examples, the new PrimeLink and AltaLink products that Xerox launched in 2019 and 2020 meet EPEAT Gold requirements in US, Canada and eight EU countries (Switzerland, Norway and Canada have country specific requirements not met yet).
Supply chain and/or value chain	Yes	Our supply chain has been impacted by extreme weather such as storms and floods (physical climate related risk). We outsource a significant portion of our manufacturing operations to third parties. Some Xerox suppliers are in locations that have historically been impacted by severe weather. E.g. the Japanese tsunami in March 2011 resulted in business interruptions and additional costs to Xerox due to premium air-freight charges. The impact of this risk to our supply chain is considered low as we have a large and diverse supply chain and to date a small proportion of our production suppliers have been impacted by extreme weather. However, to manage and mitigate the impacts of this risk as part of our immediate/short term (0-5 year) business strategy Xerox has developed formal Business Resumption Plans for parts or subassemblies, so that in the event of a climate related natural disaster the disruption would be temporary while orders are moved to the alternate supplier. We also require that all 'critical' Technology suppliers maintain an acceptable business resumption plan and we

		audit the plans on a routine basis. Xerox Global Procurement works with our supply chain partners to identify alternative suppliers in the event of a supplier issue that causes a supply or services continuity issue. In 2020 we conducted a qualitative forward-looking climate scenario analysis. This analysis covered all Xerox key facilities, and critical supplier locations, and includes site-specific analysis against a range of potential climate-related acute and long-term physical risks as well as transition risks. This qualitative analysis will be used to screen and prioritize material risks to supply chain continuity, for further assessment by our CSR Council, ERM specialists and upper management. In this way the Climate Scenario Analysis will also serve as a tool for further educating the Board, Senior Management, and other decision makers to the specific risks that climate change presents to the Xerox business model and key assets and will help highlight the risks, opportunities, priorities and necessary actions that must be accounted for in wider strategic business decisions.
Investment in R&D	Yes	Our investments in product R&D have been impacted by: • current regulations, standards and voluntary agreements requiring our products meet certain levels of energy efficiency including the EU Energy Related Products Directive (policy and legal risk); • changes in consumer preferences toward more energy efficient products (market and reputation risk); • the opportunity to develop more low emissions products and business continuity products; and • cleantech research focusing on delivering affordable renewable energy, clean air and water, efficient energy distribution and other solutions across multiple industries. The need to improve the energy efficiency of our imaging equipment continues to be a high priority for Xerox. One of the most important components of our longer term (>10 year) strategy is to create value for our customers and our shareholders by enhancing the sustainability benefits of our products and innovating business solutions and technologies. We direct our R&D investments and innovation to align with our strategic growth opportunities in areas including: simplifying, automating and enabling business processes on the cloud via developing new products with flexible platforms to enable greater business process agility and resilience; and reducing the energy use and environmental

		impact of digital printing including cloud based printing; and cleantech and energy innovation programs. Our innovation goals are supported by cross disciplinary research programs in our research centers. A substantial business decision influenced by the climate change was to continue to be a leader in energy-related research and invest in PARC's cleantech and energy innovation program. For example: • In 2019, PARC launched a cleantech research initiative and partnership with new venture SolFocus, Inc. One of the first results is a low-cost concentrator photovoltaic (CPV) technology jointly developed with SolFocus. The CPV panels use high efficiency solar cells and are smaller, cheaper and easier to manufacture than the flat-plate panels that currently dominate the solar electricity market. • In 2020, PARC announced an initiative to develop technology to reduce humidity and thereby improve efficiency of air conditioning systems by approximately 80%. Bringing this technology to market will open brand new markets and revenue streams for Xerox.
Operations	Yes	Our operations have been impacted by physical climate related risks. For example, • In 2012, 76 Xerox facilities were forced to close for a limited time and 102 customers in the US were impacted by Superstorm Sandy • In 2014, severe winter weather forced the closure of our American Logistics Center • In 2018, hurricanes Michael and Florence caused damage to some of our customers' equipment (which we were required to replace). • In 2020, western wildfires threatened our Wilsonville, Oregon manufacturing facility. While no facility damage occurred, smoke forced a two-day closure of the facility. This risk is managed via a system known as the Business Continuity Assurance Process (BCAP) which includes business impact analyses (including physical climate related risk such as temperature extremes), self-assessment, periodic validations, and plan status reporting to Xerox management. Each site has a Business Resumption Plan which allows them to prepare for risks of climate changes at their site. Our operations are also impacted by opportunities to reduce

		operating costs and improve our reputation and competitive advantage through implementing a company-wide energy and GHG reduction program. Developing solutions that reduce GHG emissions and address stakeholder concerns are integrated into Xerox business strategy. One of the most important components of our immediate/short term (0-5 year) focus is to invest in technologies that reduce energy consumption in our own operations and to continue to make progress towards our GHG and energy reduction goals. We have an ongoing energy reduction program and monitor energy consumption against our voluntary energy reduction target. To support our strategic commitments and business strategy, we set targets and long-term goals to reduce energy use and GHG emissions , and accelerate targets as they are achieved: • In 2018 we established a target of 25% reduction in energy use and GHG emissions by 2025 from a 2016 baseline • By 2019 we had already achieved approximately 75% of our goal so we set a more aggressive, corporate-wide science-based target aligned with a 1.5°C scenario. This new target is to reduce Scope 1 and 2 GHG emissions by 60% by 2030 from the same 2016 baseline, with an ultimate goal of net zero greenhouse gas emissions by 2040. • We also set (and achieved) a goal for 20% renewable energy use by 2020

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Indirect costs Capital expenditures Acquisitions and divestments	Climate related risks and opportunities are factored into multiple elements of our annual financial planning process including: • Revenue planning / forecasting; • Capital and operating cost planning and expenditure for each business area; and • Decisions regarding acquisitions and divestments. For example: Should any of our facilities or key suppliers experience a disruption in production capacity or be unable to operate due to physical climate

		related risk (severe weather/natural disasters), damage to our facilities and/or impact to our workforce there would likely be increased production costs to Xerox. For example, in 2012, 76 Xerox facilities were forced to close for a limited time due to Hurricane Sandy. The associated additional Net Impact cost to Xerox was estimated at ~$630K which included cost/damage to Xerox facilities (<$20,000) and customer equipment replacement costs ($210,000). Therefore, as a result of historical physical climate related impacts to both our direct operations and supply chain we review both our capital and operating cost planning and expenditure for each business area and where required, increase spending to reduce likelihood of future unexpected failures. Also decisions regarding acquisitions and divestments have also been impacted by the potential for physical climate related risk. When making business decisions regarding site expansions, relocations and acquisitions, information regarding geographic and physical climate change risks including hurricanes and tornados, flooding, water availability, etc. sourced from the questionnaire conducted by Corporate Real Estate is considered in the final decision and cost offer.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

i) Climate change presents a global challenge. We believe Xerox should do its part to meet the challenge. The need to develop solutions that reduce GHG emissions in our facilities and from our products, address stakeholder concerns and capitalize on opportunities presented by climate change are integrated into Xerox business strategy. In 2006 a team led by our VP of Global EHS&S conducted a review of environmental impacts and opportunities of our actions, products and services. The result was a focus on 4 strategic commitment areas including “Reducing Energy Use and Protecting the Climate”. The priorities are reviewed annually via our materiality assessment. While the commitment areas are unchanged, the goals and objectives have been updated as necessary.

Our policy is to integrate the commitments into our core business strategy and practices. The Executive Management Committee, led by our CEO, retains overall responsibility for CSR, including climate-related issues, as part of the business strategy. Overall board-level responsibility lies with the CEO in order to provide the management level CSR Council more frequent and readily available access to the board level oversight and approval, via the CEO and Executive Management Committee, allowing greater speed of implementation of strategy decisions. As a board member, the CEO provides the linkage between the board, the EMC and our management level CSR Council. The corporation has tasked the CSR Council with the day-to-day monitoring of CSR and climate related issues. The Chief Sustainability Officer leads our CSR Council, which meets quarterly. The primary objective of the CSR Council is to continue our legacy of corporate citizenship and provide centralized oversight of the corporation’s performance and management approach, including policies, goals, strategies and recommend

actions to drive progress and integrate CSR and climate related issues into existing business practices. This includes annually evaluating the relevance of the corporation's CSR priorities using a materiality assessment process. Xerox CSR materiality assessment process considers relevant CSR topics impacting Xerox products, services and operations, including energy, GHG emissions and climate change strategy.

The CSR Council is also responsible for providing the chair of the CSR Council with a report on the CSR performance of the corporation (including climate related issues) for example, progress on satisfying annual objectives, progress towards our corporate goals and recommended actions for further advancement. On an annual basis, Chief Sustainability Officer (and Executive Director of the CSR Council) is responsible for confirming the corporate CSR priorities with the CEO and Corporate Governance Committee of the board; presenting the results of the annual CSR materiality assessment and proposed action plan to the board for their approval; and providing the CEO and the Corporate Governance Committee of the board with a status of CSR progress and recommendations going forward.

The Office of Global Government Affairs is also responsible for tracking external developments including climate change policy and determining if they are likely to affect Xerox products and operations. Our major operating units and key corporate functions (e.g. Risk management, Real Estate) are responsible for evaluating, monitoring and managing site-specific risks that potentially affect Xerox’s ability to achieve its overall business objectives. The Business Continuity Assurance Process (BCAP) ensures business units prepare for environmental risks.

The Company's long-term strategic plans and principal issues are reviewed annually by the board which receives strategy updates from members of senior management of the Company periodically during the year. In 2019, our materiality process concluded that sustainable products, services and operations related opportunities, such as improving energy efficiency and expanding access to technology, represent leading areas where we can create value for society and for Xerox. Managing operations responsibly across our value chain continues to be a priority. We therefore direct our research and development (R&D) investments in technologies that reduce the carbon footprint of our operations and offer solutions to our customers that reduce energy use, cost and waste.

In addition, in 2020 we conducted a qualitative forward-looking climate scenario analysis using two scenarios (2°C and 4°C) and time frames extending out to 2050. This analysis covered all Xerox manufacturing locations and key facilities, as well as critical supplier locations and includes site-specific analysis against a range of potential climate-related acute and long-term physical risks as well as transition risks. Results of the qualitative analysis were presented by the CSR Council to our Enterprise Risk Management (ERM) Specialists and upper management and will be used to screen and prioritize material risks to Xerox facilities and supply chain continuity. In this way the Climate Scenario Analysis also serves as a tool for further educating the Board, Senior Management, and other decision makers to the specific risks that climate change presents to the Xerox business model and key assets and will help highlight the risks, opportunities, priorities and necessary actions that must be accounted for in wider strategic business decisions.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 2

Year target was set

2017

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Other, please specify

Scope 1+2 (mkt) from energy consumption

Scope 1+2 (market-based) emission from energy consumption only (i.e. excluding direct process emissions)

Base year

2016

Covered emissions in base year (metric tons CO2e)

192,689

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

99

Target year

2050

Targeted reduction from base year (%)

100

Covered emissions in target year (metric tons CO2e) [auto-calculated]

0

Covered emissions in reporting year (metric tons CO2e)

127,830

% of target achieved [auto-calculated]

33.6599390728

Target status in reporting year

Replaced

Is this a science-based target?

No, but we are reporting another target that is science-based

Target ambition

Please explain (including target coverage)

Replaced with NZ1

In addition to our energy and GHG emissions reduction target we set an aspirational goal to source 100% of our total energy consumption, from renewable sources by 2050, therefore this is equivalent to a long-term target to reduce total GHG emissions from energy consumed by 100%. Total energy encompasses electricity and stationary and mobile fuel combustion by our fleet and facilities

Please note that in accordance with the Greenhouse Gas Protocol, to make data and performance trends between years comparable the base year and base year emissions for this target were restated in 2018 as a result of the separation of the business.

We reported progress against this same target in 2018, 2019 and 2020. This target has now been replaced with NZ1

Target reference number

Abs 3

Year target was set

2017

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Base year

2016

Covered emissions in base year (metric tons CO2e)

180,128

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2025

Targeted reduction from base year (%)

25

Covered emissions in target year (metric tons CO2e) [auto-calculated]

135,096

Covered emissions in reporting year (metric tons CO2e)

131,274

% of target achieved [auto-calculated]

108.4872979215

Target status in reporting year

Replaced

Is this a science-based target?

Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative

Target ambition

2°C aligned

Please explain (including target coverage)

In 2017 following the separation of the business into two independent, publicly-traded companies (on December 31, 2016) we set a new science based target which is both more ambitious and reflective of the current organization. In 2019 we achieved our corporate-wide science-based target of 25% reduction by 2025 from a 2016 baseline.

We reported progress against this same target in 2018, 2019 and 2020. This target has now been replaced with Abs4.

Target reference number

Abs 4

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2016

Covered emissions in base year (metric tons CO2e)

194,941

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2030

Targeted reduction from base year (%)

60

Covered emissions in target year (metric tons CO2e) [auto-calculated]

77,976.4

Covered emissions in reporting year (metric tons CO2e)

97,456

% of target achieved [auto-calculated]

83.3457302466

Target status in reporting year

Underway

Is this a science-based target?

Yes, and this target has been approved by the Science-Based Targets initiative

Target ambition

1.5°C aligned

Please explain (including target coverage)

Having achieved the GHG target that we set in 2017 (Abs 3) five years early, in 2019 we set a new science-based target which is both more ambitious and reflective of the current organization.

Our newly established target uses the same base year (2016) as we had previously used but increases the target to a 60% reduction of scope 1 and scope 2 market-based emissions by 2030 from a 2016 baseline.

The methodology used to set our science-based target was the Absolute Emissions Contraction approach, a scientifically-informed method for companies to set GHG reduction targets necessary to limit global temperatures to a 1.5°C rise above preindustrial levels based on the SR15 special report issued by the IPCC in 2018. The IPCC SR15 estimates an overall carbon budget of 420 GtCO2 for a 66% probability to

limit warming to 1.5°C, and carbon budget of 580 GtCO2 for a 50% probability of limiting warming to the same temperature.

We recently resubmitted our commitment to the Science Based Target initiative (SBTi) for the following reasons:
• Xerox was listed under the “Software and services” sector for our original commitment. Under our current structure, we should be listed under the “Technology Hardware and Equipment” sector.
• Xerox has separated from Conduent (previously known as Xerox Services).
• The original commitment we submitted for year 2025 has already been achieved. We have a new, more aggressive commitment for 2030.
SBTi has accepted our new commitment and has validated it.

Target reference number

Abs 5

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 3 (upstream & downstream)

Base year

2016

Covered emissions in base year (metric tons CO2e)

1,544,146

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2030

Targeted reduction from base year (%)

35

Covered emissions in target year (metric tons CO2e) [auto-calculated]

1,003,694.9

Covered emissions in reporting year (metric tons CO2e)

1,028,412

% of target achieved [auto-calculated]

95.426579759

Target status in reporting year

Underway

Is this a science-based target?

Yes, and this target has been approved by the Science-Based Targets initiative

Target ambition

Well-below 2°C aligned

Please explain (including target coverage)

In addition to setting new science-based targets for scope 1 and scope 2 emissions, we set an additional emissions reduction target for its scope 3 emissions.

Using the Absolute Emissions Contraction approach specified in the SBTi criteria, our goal is to reduce our scope 3 emissions by 35% by 2030 from a 2016 baseline in line with keeping global temperature well-below 2°C as defined by the SBTi GHG reduction scenarios.

From Xerox's preliminary scope 3 screening, this target includes emissions from both upstream, operations, and downstream emission sources. Our target includes emissions from purchased goods and services (C1), Capital goods (C2), Fuel and Energy Related Activities (C3), upstream transportation and distribution (C4), waste generated in operations (C5), Business Travel (C6), employee commuting (C7), use of sold products (C11), and End of life treatment of sold products (C12) per the GHG Protocol corporate value chain emissions categories. Combined, these categories constitute Xerox's scope 3 emissions.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production
Net-zero target(s)
Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2014

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: energy carrier

All energy carriers

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

Percentage

Target denominator (intensity targets only)

Base year

2014

Figure or percentage in base year

0

Target year

2020

Figure or percentage in target year

20

Figure or percentage in reporting year

20

% of target achieved [auto-calculated]

100

Target status in reporting year

Achieved

Is this target part of an emissions target?

Abs 4

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

Our current 2020 goals include a target to source 20% of our total energy consumption from renewable sources by 2020. Total energy encompasses electricity consumption and stationary and mobile fuel combustion by our fleet and facilities.

Target reference number

Low 2

Year target was set

2014

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: energy carrier

All energy carriers

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

Percentage

Target denominator (intensity targets only)

Base year

2014

Figure or percentage in base year

0

Target year

2050

Figure or percentage in target year

100

Figure or percentage in reporting year

20

% of target achieved [auto-calculated]

20

Target status in reporting year

Replaced

Is this target part of an emissions target?

Abs 4 and NZ1

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

We have also set an aspirational goal to source 100% of our total energy consumption from renewable sources by 2050. Total energy encompasses electricity and stationary and mobile fuel combustion by our fleet and facilities. This target has now been replaced by NZ1

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2017

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency

MWh

Target denominator (intensity targets only)

Base year

2016

Figure or percentage in base year

751,034

Target year

2025

Figure or percentage in target year

563,276

Figure or percentage in reporting year

512,991

% of target achieved [auto-calculated]

126.7818148894

Target status in reporting year

Underway

Is this target part of an emissions target?

Abs3, Abs 4 and NZ1

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

In 2017 following the separation of the business into two independent, publicly-traded companies (on December 31, 2016) we set a new energy reduction target, which is both more ambitious and reflective of the current organization. We are now working on our new corporate-wide target to reduce energy consumption by 25% by 2025 (from a 2016 baseline).

Xerox is treating this goal as still underway until effects from post-COVID bounce-back are assessed.

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage

Company-wide

Absolute/intensity emission target(s) linked to this net-zero target

Abs4

Abs5

Target year for achieving net zero

2040

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain (including target coverage)

New Net Zero goal by 2040 covering emissions from Scopes 1, 2, & 3. This target is more ambitious than the current scientific consensus to reduce emissions to Net Zero by 2050. Our focus is to reduce emissions in operations and supply chain, then compensate for residual emissions using high quality market mechanisms such as credits for carbon neutralization.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	2	153
To be implemented*	0	0
Implementation commenced*	2	37
Implemented*	10	600
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

21

Scope(s)

Scope 2 (location-based)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

3,619

Investment required (unit currency – as specified in C0.4)

15,850

Payback period

4-10 years

Estimated lifetime of the initiative

6-10 years

Comment

224F Bldg LED Lighting - Replacing T-12 & T-8 fluorescent tubes with direct-wired LED tubes, in-line fuse protection, and new bulb replacement of some HPS & MH lighting. Adding sensors where appropriate.

Initiative category & Initiative type

Energy efficiency in buildings
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

104

Scope(s)

Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

17,977

Investment required (unit currency – as specified in C0.4)

82,090

Payback period

4-10 years

Estimated lifetime of the initiative

6-10 years

Comment

Salt Rd LED Lighting Upgrades Phase 1 - Replacing T-12 & T-8 fluorescent tubes with direct-wired LED tubes, in-line fuse protection, and new fixtures or bulb replacement of some HPS & MH lighting. Adding sensors where appropriate.

Initiative category & Initiative type

Energy efficiency in buildings
Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)

7

Scope(s)

Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

4,523

Investment required (unit currency – as specified in C0.4)

0

Payback period

No payback

Estimated lifetime of the initiative

16-20 years

Comment

5020 - Cooling Setback - Change HVAC setpoints

Initiative category & Initiative type

Energy efficiency in production processes
Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)

352

Scope(s)

Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

57,802

Investment required (unit currency – as specified in C0.4)

60,000

Payback period

<1 year

Estimated lifetime of the initiative

16-20 years

Comment

2020 Intellicommand Completed Items

Initiative category & Initiative type

Energy efficiency in production processes
Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)

116

Scope(s)

Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

38,806

Investment required (unit currency – as specified in C0.4)

641,819

Payback period

16-20 years

Estimated lifetime of the initiative

11-15 years

Comment

6 projects at Venray including boiler, hot water and compressor replacement

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Financial optimization calculations	Several financial avenues are used to drive investment in emission reduction activities: • Energy savings, which will result in emissions reductions, based on favorable project payback due to cost savings resulting from saving energy.

	• Rebates from state and federal sources, utility companies, etc. We look to capitalize on all available programs to assist funding these projects.
Other Goal setting and alignment	Corporate goals are set which drive emissions reductions. For example, the implemented emission reduction projects and initiatives helped achieve our goal of 25% reduction in GHG emissions by 2025 based on a 2016 baseline. Having achieved the GHG target that we set in 2017 five years early, in 2019 we set an even more ambitious science-based target of reducing GHG emissions by 60% by 2030 from our 2016 baseline.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

Since 1993, we have introduced over 500 copier, printer, fax and multifunction products that have ENERGY STAR status. In 2020, 100% of our newly launched eligible products achieved ENERGY STAR 3.0 requirements and the program will continue to raise the standard over time with tougher requirements. Products that earn the ENERGY STAR label meet strict energy-efficiency specifications set by the U.S. EPA. These energy requirements serve as the foundation for other eco-labels, such as EPEAT. Our goal remains for 100% of newly launched eligible products to achieve this ecolabel.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify

GHG Protocol

% revenue from low carbon product(s) in the reporting year

19

Comment

The EPA has estimated ENERGY STAR imaging equipment (copiers, printers, scanners, all-in-one devices) meeting the latest requirements will use 30% less electricity compared to standard models (source http://www.energystar.gov/certifiedproducts/detail/imaging equipment) saving customers money and reducing their Scope 2 carbon footprint. For example, in the Energy Star rated Xerox Phaser 3610DN printer the combination of low melt Low Gloss Black toner and improved electronics result in typical energy consumption of approx. 3.2 kWh per week, a 50% lower use phase compared to a previous model. Assuming an average electricity emission factor for the US this represents savings of approximately 2kg CO2e per week from using each newer model compared to the previous model. IPCC SAR100 year Global Warming Potentials have been used in the CO2e calculations and the average electricity emission factor for the US is sourced from eGRID 9th edition Version 1.0 Year 2010 GHG Annual Total Output Emission Rates U.S. annual non-baseload CO2e output emission rate.

In 2020, over 19% of revenue is from sales of equipment with at least one Type 1 ecolabel, such as an Energy Star rating.

Level of aggregation

Group of products

Description of product/Group of products

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.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product and avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify

EPEAT Criteria

% revenue from low carbon product(s) in the reporting year

19

Comment

EPEAT criteria reflect several categories of environmental attributes that span the lifecycle of electronic products: material selection and recycled content, design for end-of-life, product longevity/life extension, energy conservation, end-of-life management, corporate performance, packaging, consumables and indoor air quality. Since 2014, Xerox has committed to (and achieved) launching all new office products with EPEAT

Silver or Gold.

19% of revenue is an estimate based on revenue from sales of entry and mid-range products.

Level of aggregation

Group of products

Description of product/Group of products

Multifunction Devices: Xerox multifunction systems reduce the amount of electricity required to copy, print, fax and scan by combining the functions of multiple products into one machine

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify

GHG Protocol

% revenue from low carbon product(s) in the reporting year

19

Comment

Annual energy consumption of several ENERGY STAR products (1 office copier, 4 laser printers and 1 fax machine) is approx. 600 kWh per year. However, the annual energy consumption of a Xerox® WorkCentre® multifunction system is 300 kWh per year. Therefore, replacing multiple devices with one multifunction system can reduce electricity consumption by 300 kWh per year (50% saving) and the associated Scope 2 footprint. Assuming an average electricity emission factor for the US this represents annual savings of approx. 200kg CO2e for each multifunctional device that replaces multiple devices. Energy and carbon savings would be substantially higher if a multifunction system replaces individual products that have not earned the ENERGY STAR rating. IPCC SAR100 year Global Warming Potentials have been used in the CO2e calculations and the average electricity emission factor for the US is sourced from eGRID 9th edition Version 1.0 Year 2010 GHG Annual Total Output Emission Rates U.S. annual non-baseload CO2e output emission rate.

Level of aggregation

Product

Description of product/Group of products

In 2014, Xerox launched the Xerox® Print Awareness Tool (PAT) which promotes sustainable habits at a personal level helping companies reduce printing. PAT uses

gamification to change behaviors and engage employees in sustainability efforts. By using this tool, users can see their print usage, using an easy, interactive desk interface, and take steps to improve print behavior.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify

GHG Protocol

% revenue from low carbon product(s) in the reporting year

18

Comment

According to the EPA, an average office worker uses 10,000 sheets (400lbs) of paper per year. Early customer feedback provides evidence that use of PAT can reduce print volumes by up to 20%, therefore saving an average office worker 80lbs of paper each year. Using an average emission factor for CO2e emissions association with paper production (sourced from Simapro LCA software) this would result in savings of approximately 60kg CO2e (Scope 3 emissions) per office worker annually. In 2015 (April to December), one of our operations saved 318,000 sheets of paper using PAT, which is equivalent to saving ~320kgs CO2e (Scope 3 emissions). In addition, since 2016 Xerox has partnered with PrintReleaf to offer customers of PAT the opportunity to add PrintReleaf to their contract and purchase certified reforestation/biomass credits for all paper they consume through PAT.

The Print Awareness Tool is offered on Xerox office (entry and mid-level) products which in 2020 accounted for approximately 18% of Xerox revenue.

Level of aggregation

Product

Description of product/Group of products

Similar to how we use apps on our smartphones, Xerox® ConnectKey®, is a software solution that automates frequent actions such as scan to Dropbox, translating a document and enables information to be moved to and from the cloud. Xerox® ConnectKey® Technology adds mobile and cloud capabilities to a multifunction printer, making it easier for teams to work on the go and from anywhere. The technology allows users to convert hard-copy records into easily accessible cloud-based electronic documents; use their smartphone as a mobile scanner, turning real-life documents or images into digital files stored on the cloud; and locate and print documents on demand and securely from any ConnectKey Technology printer. Cloud computing is recognized worldwide as less energy intensive than standalone data centers.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify

GHG Protocol

% revenue from low carbon product(s) in the reporting year

14

Comment

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. ConnectKey™ is available on the Xerox Versalink and Altalink families of devices.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1, 2016

Base year end

December 31, 2016

Base year emissions (metric tons CO2e)

99,111

Comment

On December 31, 2016 Xerox Corporation completed the separation of its Business Process Outsourcing (BPO) business from its Document Technology and Document Outsourcing (DT/DO) business into two independent, publicly-traded companies: a business process services company called Conduent, and a document management and document outsourcing company, which retained the name Xerox.

While responses submitted prior to 2018 were based on the operation of the legacy Xerox, since 2018 Xerox is reporting separately from Conduent on our data and operations. In accordance with the Greenhouse Gas Protocol, to make data and

performance trends between years comparable the base year and base year emissions have been reset as a result of the separation of the business. This 2016 baseline therefore reflects the change and the current organization.

Scope 2 (location-based)

Base year start

January 1, 2016

Base year end

December 31, 2016

Base year emissions (metric tons CO2e)

81,017

Comment

On December 31, 2016 Xerox Corporation completed the separation of its Business Process Outsourcing (BPO) business from its Document Technology and Document Outsourcing (DT/DO) business into two independent, publicly-traded companies: a business process services company called Conduent, and a document management and document outsourcing company, which retained the name Xerox.

While responses submitted prior to 2018 were based on the operation of the legacy Xerox, since 2018 Xerox is reporting separately from Conduent on our data and operations. In accordance with the Greenhouse Gas Protocol, to make data and performance trends between years comparable the base year and base year emissions have been reset as a result of the separation of the business. This 2016 baseline therefore reflects the change and the current organization.

Scope 2 (market-based)

Base year start

January 1, 2016

Base year end

December 31, 2016

Base year emissions (metric tons CO2e)

95,830

Comment

On December 31, 2016 Xerox Corporation completed the separation of its Business Process Outsourcing (BPO) business from its Document Technology and Document Outsourcing (DT/DO) business into two independent, publicly-traded companies: a business process services company called Conduent, and a document management and document outsourcing company, which retained the name Xerox.

While responses submitted prior to 2018 were based on the operation of the legacy Xerox, since 2018 Xerox is reporting separately from Conduent on our data and

operations. In accordance with the Greenhouse Gas Protocol, to make data and performance trends between years comparable the base year and base year emissions have been reset as a result of the separation of the business. This 2016 baseline therefore reflects the change and the current organization.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Climate Registry: General Reporting Protocol
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
The Greenhouse Gas Protocol: Scope 2 Guidance
US EPA Mandatory Greenhouse Gas Reporting Rule

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

67,510

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

37,111

Scope 2, market-based (if applicable)

29,946

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

Due to the small size of emissions and difficulties in data collection, the following 'de-minimis' sources are excluded from the inventory:

- HFCs / Refrigerants fugitive
- Emissions from manufacturing sites
- Stationary combustion emissions from emergency generator fuel oil and diesel use
- Mobile emissions from LPG forklift truck use
- Combustion emissions from the infrequent use of welding gases
- Fugitive emissions from fire extinguishers or fire suppressant systems

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)

No emissions from this source

Explain why this source is excluded

In line with recognized carbon accounting guidance, the assessment of GHG emissions includes all identified sources anticipated to make a material contribution (more than 5%) to Xerox total GHG inventory. A number of small sources of minor Scope 1 emissions however, have been deemed to be immaterial / 'de minimis' and therefore excluded from our emissions inventory. For example, emissions from refrigerant HFCs used in manufacturing sites has been estimated using data available for a selection of sites and deemed to be 'de-minimis' (<0.6% of the total Scope 1 and 2 GHG emissions). Due to difficulties in data collection and the small size of the emissions this emission source is therefore excluded from the emissions inventory calculation.

Source

Some small facilities which Xerox occupies, but does not pay the utility bill or have the ability to track energy consumption and /or emissions from the property including • Leased offices and small warehouses where utilities are paid by the landlord and energy data is not made available to Xerox

• Small leased spaces (<5,000sq ft) such as "Parts Drops" used for temporary storage of service parts

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are not relevant

Explain why this source is excluded

Approximately 18 small leased office facilities are excluded from the emissions inventory as Xerox does not pay the utility bill, have access to the energy data or influence over the energy source of these buildings. In line with recognized carbon accounting guidance, the assessment of GHG emissions includes all identified sources anticipated to make a material contribution (more than 5%) to Xerox's total GHG inventory. Emissions from the small leased facilities which Xerox does not hold energy data for has been deemed to be de-minimis (~1.8% of total Scope 1 and 2 GHG emissions) using published electricity intensity (kwh/ft2) data.

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

730,158

Emissions calculation methodology

Emissions from raw materials use and production of Xerox devices and supplies are calculated for the reporting year. At a minimum, product models that had over 1,000 installs during the reporting year are included in the assessment. Device emissions are calculated based on publicly available certified product carbon footprints and the number of installs during the reporting year. Supplies emissions are calculated based on the makeup of main raw materials used to produce supplies. Total mass of major raw materials are calculated based on the total production volume for the reporting year. Total emissions from materials are calculated using emissions factors from the Ecoinvent LCA database. Emission factors for major raw materials that are used in supplies and associated packaging are (kg CO2 per kg material): Styrene = 4.56 Corrugated cardboard = 0.556 ABS plastic = 4.87 PC plastic = 8.62 Low alloy steel = 1.67 Aluminum alloy = 7.3 Synthetic rubber = 2.78 Wax = 0.581
Paper method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

75

Please explain

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO2e

29,970

Emissions calculation methodology

Includes emissions from additions of land, buildings, equipment, and software. Emission factors are estimated on a financial basis benchmarked from other companies in the Technology sector that have reported emissions in this category and cost/investment of capital expenditures reported in their SEC 10-k filings. The resulting factor is applied to cost of additions to land, buildings, equipment, and software reported in the Xerox SEC 10-K filing."

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

19,647

Emissions calculation methodology

Includes emissions from extraction, production, and transportation of fuels and energy purchased or acquired by Xerox in the reporting year, not already accounted for in scope 1 or scope 2. Xerox uses the methodology developed by Quantis to determine emissions for this category. Scope 1 emissions are multiplied by 0.25 and scope 2 emissions are multiplied by 0.20. https://quantis-suite.com/Scope-3-Evaluator/

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

60,144

Emissions calculation methodology

Includes emissions from Xerox's North America upstream transportation and distribution only. (However only ~40% of our total revenue is generated by customers based outside the US.) Inbound air and ocean CO2 emissions are calculated by our third party logistics provider based on Xerox shipment data and emission factors sourced from the World Resources Institute (WRI) Greenhouse Gas Protocol. Data for outbound (i.e. sold product) intermodal / truck CO2 emissions is also calculated by our external logistics provider through the EPA SmartWay emissions tool. • Inbound (Air) = 12,670,387 miles and 12,948 MT CO2e • Inbound (Ocean) = 32,058,224 miles and 21,677MT CO2e • Outbound (intermodal/truck) = 37,074,134 miles and 20,078 MT CO2e Since 2016 Xerox 'Corporate Trucking' has been outsourced to a 3rd party which owns and manages vehicles used for transporting Xerox goods within a 75-mile radius of Rochester, NY. Emissions from 'corporate trucking' are calculated using data provided regarding annual fuel usage of the 'corporate trucking' fleet and emission factors sourced from The Climate Registry's 2018 Default Emission Factors -Tables 13.1 and 13.9 and the AR4 100 year Global Warming Potentials.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

551

Emissions calculation methodology

Includes emissions associated with the disposal, and transportation to the disposal site, of waste generated at Xerox worldwide manufacturing and distribution centers. Primary data regarding the total US Tons of each waste type produced and disposal method sourced from site disposal records stored on Xerox internal hub system. Average waste transportation distances (miles) were assumed using data from the Webster site specific to each disposal method/disposal site. CO2e emissions were calculated using: • Emission factors (kg CO2e per kg waste) specific to each waste type and disposal method sourced from the Ecoinvent LCA database o Inert waste for landfill = 0.009 o Hazardous waste for landfill = 0.253 o Hazardous waste for incineration = 2.721 o MSW for incineration = 0.521 o MSW for landfill = 0.566 • Emission factors regarding waste transportation (0.1465kg CO2e/ton.mile for a Medium and Heavy duty truck) sourced from the EPA's Emission Factors for Greenhouse Gas Inventories - November 19, 2015 - Table 9 • GWPs from the AR4 100 year Global Warming Potentials As per GHG Protocol, the benefits of energy recovery/Waste to Energy and recycling/re-use are attributed to the user of the recycled materials, not the producer of the waste.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1,882

Emissions calculation methodology

Includes emissions from Xerox worldwide 2019 employee business air travel as calculated by Xerox's external third-party global travel services providers based on mileage of each flight and the following emission factors: • 0.16kg CO2/m • 0.18kg CO2/m • 0.19kg CO2/m • 0.28kg CO2/m Total miles travelled = 38,101,193 • 20,180,583 miles (Domestic) • 3,538,183 miles (European) • 13,519,876 miles (International) • 19,901 (Nordic) • 842,650 (Trans-Border) This also includes private jet usage calculated by Xerox's external third party private jet providers based on total fuel usage (46,371 gallons).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

30,810

Emissions calculation methodology

The following average secondary activity data was used to estimate average commuting distance per year per employee per mode of transport: • Average modal split of typical commuters (86% car, 0.6% bike, 5% bus, 2.8% foot, 0.2% motorcycle and 0.9%) rail sourced from US DoT Bureau of Transportation Statistics Table 1-14 Principle Means of Transportation to Work http://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/publications/national_transportation_statistics/html/table_01_41.html) • Average daily commuting distances of typical employees (15 miles sourced from US DoT Bureau of Transportation Statistics 2003 publication regarding commuting https://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/publications/omnistats/volume_03_issue_04/pdf/entire.pdf) • Average number of commuting days per week and average number of weeks worked per year (251 sourced from https://www.calendar-12.com/working_days/2019) • Primary data was obtained regarding number of Xerox employees (27,000). • CO2e emissions calculated using emission factors (kg/vehicle-km or kg/passenger-km) for each transport mode sourced from the EPA's Emission Factors for Greenhouse Gas Inventories - March 26,2020 - Table 10 (Passenger Car, Bus, Motorcycle and Rail and GWPs from the AR4 100 year Global Warming Potentials

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

We take an operational control based approach to reporting and report all locations where we are present as part of our Scope 1 and 2 footprint; therefore, we do not have any upstream assets that we lease as part of our Scope 3 footprint.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

This category includes emissions from transportation of sold products and the end consumer in vehicles not paid for by Xerox and from retail and storage. Xerox doesn't have point of sale locations – we ship direct to the customer therefore these emissions are included together with upstream transportation.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Not relevant – Xerox supplies finished electronic products, therefore no further processing of the product is required before consumer use.

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

161,041

Emissions calculation methodology

Includes emissions from electricity use of devices by end users installed globally in the reporting year. At a minimum, product models that had over 1,000 installs during the reporting year are included in the assessment. Device attributes are derived from their publicly available specification sheets. Device print time over an estimated lifetime of 5 years is calculated using recommended monthly duty cycle and device print speed. The device is assumed to be in sleep mode for non-print time (sleep time). Calculated print time is multiplied by active power and remaining time in is multiplied by sleep power to

estimate total electricity use of devices. Total electricity is multiplied by average USA electricity emissions factors from EPA eGRID.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

End of life treatment of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

2,517

Emissions calculation methodology

Includes emissions associated with the end of life disposal of products (equipment) and associated packaging sold globally. Primary data regarding the total US Tons of products and packaging sold sourced from company records. CO2e emissions were calculated using: • Primary data regarding waste disposal methods for products (i.e. % recycled, landfilled and incinerated), sourced from data held by Xerox's worldwide asset recovery centers and 3rd party recyclers • Average disposal methods for paper/paperboard packaging sourced from EPA's, "Advancing Sustainable Materials Management: 2014 Fact Sheet, Assessing Trends in Material Generation, Recycling, Composting, Combustion with Energy Recovery and Landfilling in the United States" (November 2016) • Emission factors (kg CO2e per kg waste) specific to each waste type and disposal method sourced from the Ecoinvent LCA database o Inert waste for landfill = 0.009 o MSW for incineration = 0.521 o Waste paperboard for landfill = 1.378 o Waste paperboard for incineration = 0.025 • GWPs from the AR4 100 year Global Warming Potentials As per GHG Protocol, the benefits of energy recovery/Waste to Energy and recycling/re-use are attributed to the user of the recycled materials, not the producer of the waste.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Xerox does not lease a significant amount of owned assets to 3rd parties. In accordance with the GHG Scope 3 Protocol, products/equipment sold under bundled lease arrangement (whereby customers pay for equipment over time rather than at the date of installation) would be reported under Scope 3 category 11 ‘use of sold products’.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

Not relevant – Xerox is not a franchisor and does not operate any franchises.

Investments

Evaluation status

Not relevant, explanation provided

Please explain

Not relevant – This does not apply to Xerox business

Other (upstream)

Evaluation status

Please explain

Other (downstream)

Evaluation status

Please explain

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.000014

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

97,456

Metric denominator

unit total revenue

Metric denominator: Unit total

7,022,000,000

Scope 2 figure used

Market-based

% change from previous year

2

Direction of change

Decreased

Reason for change

From 2019 to 2020, we saw a 23% reduction in Scope 1 and 2 GHG emissions calculated using the new market-based Scope 2 method. During the time period, we also saw an 23% decrease in revenue resulting in carbon intensity factor remaining similar to the previous year (<2% change). Decreases were due to several energy reduction projects implemented across our facilities (as reported in C4.3b), change in production at some of our manufacturing facilities, consolidation in our real estate portfolio, reduction in carbon intensity of supplied electricity due to purchasing of substantial Renewable Energy Credits, and impacts from COVID19.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference

CO2	67,091	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	35	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	384	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	173	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	49,295
Canada	5,738
Other, please specify Rest of the World	12,477

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Business services (office based activities)	1,779
Manufacture or assembly of hardware/components	35,206
Distribution Center/Warehouse	403
Research Center	1,322
Mobile / Fleet	28,780

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2

				market-based approach (MWh)
United States of America	26,750	17,889	157,356	103,115
Canada	1,652	644	12,720	0
Other, please specify Rest of the World	8,709	11,413	24,340	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Business services (office based activities)	2,398	2,582
Manufacture or assembly of hardware/components	32,056	24,836
Distribution Center/Warehouse	949	1,037
Research Center	1,708	1,485

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation

Change in renewable energy consumption	1,620	Decreased	1.3	10,128 MWh in additional RECs purchased in 2020 were retired against our manufacturing facility in Webster, NY. 1,551 MWh in additional renewable energy were purchased by our manufacturing plant in Wilsonville, OR. Decrease of GHG emissions attributed to RECs are 1163 metric tonnes CO2e. Decrease of GHG emissions attributed to additional renewable energy are 457 metric tonnes CO2e. Total S1 and S2 (market) emissions reported for 2019 were 127,830 tCO2e therefore, we arrived at 1.3% through (-1,620 / 127,830)*100 = -1.3% (i.e. a 1.3% decrease)
Other emissions reduction activities	600	Decreased	0.5	Total Scope 1 and Scope 2 (market) emissions reduced by approximately 600 tCO2e due to the continued implementation of various energy reduction projects across our worldwide operations including a new air compressor and compressed air control system and several projects at our largest site (see also Question 4.3b) Total S1 and S2 (market) emissions reported for 2019 were 127,830 tCO2e therefore, we arrived at 0.5% through (-600 / 127,830)*100 = - 0.5% (i.e. a 0.5% decrease)
Divestment				
Acquisitions				
Mergers				
Change in output	27,454	Decreased	21.5	Total Scope 1 and Scope 2 (market) emissions reduced by approximately 27,454 tCO2e as a result of reduced output from our manufacturing facilities, organic consolidation of our global real-estate portfolio and reduction in mobile fleet activity. Total S1 and S2 (market) emissions reported for 2019 were 127,830 tCO2e therefore, we arrived at 21.5% through (-27,454 / 127,830)*100 = -21.5% (i.e. an 21.5% decrease). Part

				of this decrease is likely due to the impacts of COVID19 during the reporting year including fewer employees working in office environment due to impacts of COVID19 in 2020.
Change in methodology				
Change in boundary				
Change in physical operating conditions				
Unidentified	706	Decreased	0.6	Total Scope 1 and Scope 2 (market) emissions decreased by approximately 706 tCO2e as a result of unidentified and unquantifiable reasons, including annual changes in electricity emission factors. Total S1 and S2 (market) emissions reported for 2019 were 127,830 tCO2e therefore, we arrived at 0.6% through (-706 / 127830)*100 = -0.6% (i.e. a 0.6% decrease)
Other				

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	318,575	318,575
Consumption of purchased or acquired electricity		103,115	91,301	194,416
Total energy consumption		103,115	409,876	512,991

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No

Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

208,639

Emission factor

53.06

Unit

kg CO2 per million Btu

Emissions factor source

EPA GHG MRR Table C2 and The Climate Registry's 2020 Default Emission Factors Table 1.9

Comment

AR4 100 year Global Warming Potentials used to convert to CO2e

Fuels (excluding feedstocks)

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

28,700

Emission factor

10.21

Unit

kg CO2e per gallon

Emissions factor source

The Climate Registry's 2020 Default Emission Factors - Table 2.1 US Default CO2 Emission Factors for Transport Fuels

Comment

AR4 100 year Global Warming Potentials used to convert to CO2e

Fuels (excluding feedstocks)

Other, please specify

Ethanol E85

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

289

Emission factor

5.75

Unit

kg CO2e per gallon

Emissions factor source

The Climate Registry's 2020 Default Emission Factors - Table 2.1 US Default CO2 Emission Factors for Transport Fuels

Comment

AR4 100 year Global Warming Potentials used to convert to CO2e

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

80,908

Emission factor

8.78

Unit

kg CO2e per gallon

Emissions factor source

The Climate Registry's 2020 Default Emission Factors -Table 2.9 Factors for Estimating CH4 and N2O Emissions from Gasoline and Diesel Vehicles (SEM)

Comment

AR4 100 year Global Warming Potentials used to convert to CO2e

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type

Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United States of America

MWh consumed accounted for at a zero emission factor

101,564

Comment

Wind energy RECs purchased from 3Degrees Group, Inc Green-e Energy certified program were retired against the manufacturing facility in Webster, NY in 2020

Sourcing method

Standard product offering by an energy supplier supported by energy attribute certificates

Low-carbon technology type

Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United States of America

MWh consumed accounted for at a zero emission factor

1,551

Comment

Wind energy purchased from PGE through the Green Future Enterprise at our manufacturing plant in Wilsonville, OR in 2020.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Energy usage

Metric value

512,991

Metric numerator

Mwh Energy consumption

Metric denominator (intensity metric only)

% change from previous year

16

Direction of change

Decreased

Please explain

Overall Xerox energy consumption was down in 2020 due to a number of intentional factors, including site consolidation activities, operational improvements in energy efficiency due to improvements in lighting, cooling, air handling and process equipment upgrades. Energy use was also inadvertently reduced in 2020 due to COVID-related impacts, including fewer people in the workplace and reduced production volumes.

Xerox greenhouse gas emissions are highly correlated with energy use; focus on our science-based target to reduce our GHG Scope 1 and 2 emissions by 60% by 2030 from our 2016 baseline means that our focus will continue to be on reducing overall energy year-over-year basis.

Description

Waste

Metric value

100

Metric numerator

% Equip. waste to Remanufacture/Reuse/Recycle/EFW

Metric denominator (intensity metric only)

% change from previous year

0

Direction of change

No change

Please explain

Our goal is to attain an equipment/reuse rate of 100% by 2020 at facilities globally. Processes are in place to recover 100% of unwanted used equipment and route to remanufacturing/reuse/recycle/EFW.

Description

Waste

Metric value

94

Metric numerator

% Supply waste to Remanufacture/Reuse/Recycle/EFW

Metric denominator (intensity metric only)

% change from previous year

2

Direction of change

Increased

Please explain

Our goal is 100% landfill avoidance of all waste at facilities globally. In 2020, we improved our performance by two percentage points, from 91.9% to 93.9%.

Description

Other, please specify

Products

Metric value

100

Metric numerator

% of products achieving EPEAT & ENERGY STAR cert

Metric denominator (intensity metric only)

% change from previous year

0

Direction of change

No change

Please explain

Our goal is for 100% of all newly launched eligible products to achieve EPEAT and ENERGY STAR certification.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Y

Xerox Corporation Verification Statement 2020.pdf

Page/ section reference

Pages 1-4

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Y

Xerox Corporation Verification Statement 2020.pdf

Page/ section reference

Pages 1-4

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Y

Xerox Corporation Verification Statement 2020.pdf

Page/ section reference

Pages 1-4

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Y

Xerox Corporation Verification Statement 2020.pdf

Page/section reference

Pages 1-4

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Capital goods

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Y

Xerox Corporation Verification Statement 2020.pdf

Page/section reference

Pages 1-4

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Y

Xerox Corporation Verification Statement 2020.pdf

Page/section reference

Pages 1-4

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Upstream transportation and distribution

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Y

Xerox Corporation Verification Statement 2020.pdf

Page/section reference

Pages 1-4

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Waste generated in operations

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Y

Xerox Corporation Verification Statement 2020.pdf

Page/section reference

Pages 1-4

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Business travel

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Y
Xerox Corporation Verification Statement 2020.pdf

Page/section reference
Pages 1-4

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Employee commuting

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Y
Xerox Corporation Verification Statement 2020.pdf

Page/section reference
Pages 1-4

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Use of sold products

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Y

Xerox Corporation Verification Statement 2020.pdf

Page/section reference

Pages 1-4

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: End-of-life treatment of sold products

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Y

Xerox Corporation Verification Statement 2020.pdf

Page/section reference

Pages 1-4

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
SC. Supply chain module	Product footprint verification	We have completed full cradle-to-grave peer-reviewed LCAs on multiple Xerox printer and multifunctional device configurations. The peer review was undertaken in accordance with ISO 14071:2014 LCA - Critical review processes and reviewer competencies: Additional requirements and guidelines to ISO 14044:2006 Permission to use the JEMAI (Japan Environmental Management Association for Industry) Carbon Footprint of Products (CFP) declaration and logo also requires 'limited level assurance' of our product LCA data by a CFP System Certification body registered with JEMAI.	Lifecycle Assessments (LCAs) are a means of technically evaluating the environmental footprint of a product's materials, manufacturing, distribution, use and end-of-life. We conduct full LCAs, in accordance with the appropriate ISO standards (ISO 14040, 14044, 14067) 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 and verified LCAs have been conducted on many of our printing devices. Many of these LCAs directly contributed to our products achieving the Electronic Products Environmental Assessment Tool® (EPEAT®) Gold certification for these configurations and provided valuable input to our design teams

			to determine future opportunities for reductions in environmental impacts.

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Innovation & collaboration (changing markets)

Details of engagement

Other, please specify

Product Design Collaboration

% of suppliers by number

0.15

% total procurement spend (direct and indirect)

80

% of supplier-related Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

As part of the product eco-label evaluation and registration process we regularly communicate and collaborate with our key critical production suppliers to help determine future opportunities for reductions in the lifecycle GHG impacts of products such as the use of materials with low embodied carbon or improving energy efficiency through better design. Globally, we have approximately ~4,100 suppliers however ~83% are indirect /services suppliers and ~17% are production suppliers. 1% of our suppliers are 'critical' production suppliers who manufacture and assemble our products. We prioritize our engagement with a subset of our 'critical' production suppliers, which represent 80% of our spend.

Impact of engagement, including measures of success

Xerox has long collaborated with our key critical production suppliers to incorporate environmental considerations into product design. We measure success based on the number of products registered to Energy Star, EPEAT, and other eco-labels or voluntary measures. Each eco-label includes several categories of environmental attributes that span the lifecycle of electronic products including, for example, material selection and recycled content, energy conservation and end of life management. For instance, Xerox participates in a collaborative effort every year with our partner, Fuji-Xerox, to identify environmental characteristics to improve and to set goals that are rolled into product requirements. In response to the new Energy Star specification, one area of focus was reducing product energy use.

The new AltaLink products that Xerox launched in July 2020 meet EPEAT Gold requirements and use 50% less energy than the predecessor products that they replaced. In addition, the Xerox B210 and B215 product line also achieved EPEAT Gold in 2019 through collaboration with our suppliers.

Comment

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Other, please specify

Audited on-site, and assessed off-site through RBA self-assessment questionnaires (SAQs)

% of suppliers by number

4

% total procurement spend (direct and indirect)

99

% of supplier-related Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

All suppliers are subject to an initial risk assessment. However, suppliers flagged in the risk assessment (in addition to suppliers deemed critical to our supply chain) are required to complete detailed questionnaires. Based on the risk assessments and questionnaires, we annually select suppliers for compliance review or audit. A total of 155 suppliers have been audited on-site and assessed off-site through self-assessment questionnaires (SAQs), which represents 99% of total spend. Trained Xerox personnel conduct the audits on-site. Both audits and compliance reviews follow the Responsible Business Alliance (RBA, formerly Electronic Industry Citizenship Coalition (EICC)) Audit format, which addresses labor practices, Health and Safety and environmental issues including minimizing energy consumption and tracking GHG emissions.

In 2019, Xerox extended the CSR audit footprint into other geographic regions, such as Europe and the USA.

Impact of engagement, including measures of success

Xerox recognizes that the primary value of an onsite compliance assessment is not in the identification of issues at a site, but in the correction of those issues. We want to recognize those sites that demonstrate their commitment to climate change and corporate responsibility through verified closure of the issues identified in a site audit.

During the audit, we classify areas of non-conformance as “priority,” “major,” “minor” or “for review.” We provide each supplier with a written performance assessment and work with our suppliers to close gaps identified in the on-site audits. For example, one of our suppliers established a procedure to manage energy consumption, but it did not establish annual targets on GHG reduction, so through the corrective action process we provided support in order for the suppliers to set up GHG objectives and targets and close the gap.

We have initially measured success based on the performance levels of our suppliers against the code of conduct (e.g. Needs Improvement / Achieving / Maintain). Supplier performance has improved over time with more suppliers achieving higher performance levels from 2012 to 2015 than prior to 2012. In 2019, Xerox conducted 24 initial audits and closed 6 audits that were initiated before 2019 in various Asian countries. As compared to the initial audit findings, the average supplier conformance level observed during the closure audits increased 53.1% to 71.2%. However, other positive outcomes include for example Delta Electronics, a Taiwan-based supplier producing power supply units to Xerox. As a result of the audits Delta tracks its environmental performance including electricity intensity (KWh of electricity consumption/MUSD of output value) and

has committed to reduce its electricity intensity by 30% (compared to 2014) by 2020. This follows its reduction of electricity intensity of main manufacturing facilities by 50% from 2010 to 2014.

Comment

In 2008, we became a member of the Responsible Business Alliance – RBA (formerly EICC) whose Code of Conduct sets industry standards on social, environmental and ethical issues in the electronics industry supply chain. We have adopted the RBA Code of Conduct as our Supplier Code of Conduct. 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.

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% of supplier-related Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

All Global Purchasing (GP) personnel are required to incorporate the Xerox Social Responsibility policies (including environmental sustainability topics such as climate change, energy and GHG reduction, etc.) into their interactions with all suppliers during sourcing, contracting and ongoing management activities as appropriate. In addition to consideration of quality, cost, and delivery criteria, GP personnel shall select suppliers and their goods and services based on Social Responsibility criteria, developed jointly with the appropriate SME organizations. Our standard RFP template includes several CSR/sustainability questions regarding climate change, energy initiatives, GHG emission tracking and targets, recycling efforts, and overall reduction in environmental footprint. Depending on the nature of the services requested, our sourcing experts and business teams determine the weighting of each scored section into the supplier selection process. GP requires all suppliers to comply with the Supplier Code of Conduct (we have adopted the RBA Code of Conduct as our Supplier Code of Conduct). The terms and conditions in purchase agreements and purchase order forms incorporate social responsibility requirements (including environmental sustainability topics such as climate change, energy and GHG reduction, etc.) as well as the

requirement for suppliers to comply with the Supplier Code of Conduct and all applicable laws and regulations. GP reinforces the Supplier Code of Conduct in an annual communication to all suppliers.

Impact of engagement, including measures of success

This process serves to raise suppliers' awareness about the importance of social responsibility topics such as climate change, energy and GHG reduction, etc. We measure success based on the success of the supplier relationship and the performance levels of new suppliers against the code of conduct (e.g. Needs Improvement / Achieving / Maintain). In the subsequent follow up supplier reviews and/or audits, which are routinely conducted as part of Global Purchasing's ongoing supplier management by procurement professionals and quality assurance engineers. Supplier performance has improved over time with more suppliers achieving higher performance levels from 2012 to 2015 than prior to 2012.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Share information about your products and relevant certification schemes (i.e. Energy STAR)

% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

0

Please explain the rationale for selecting this group of customers and scope of engagement

We offer digital multifunction printers and energy-efficient solutions to our customers to anticipate and address their increased demand for more sustainable and energy efficient products. For example, approximately 50% less energy is used by one multifunction printer than the combined annual consumption of the individual products it replaces. Each new generation of Xerox products offers more functionality and uses less energy – saving our customers money and reducing their carbon footprint. We therefore, regularly provide information to the public and all (100%) our global customers about the energy and sustainability credentials of our products, including

energy related certification schemes, partners and more via our website, corporate blogs, social media and collaterals.

Impact of engagement, including measures of success

We measure success through website and social media site hits, downloads of reports and collaterals and the recognition awards and ratings we receive. We are confident the messages are making an impact. Case studies showing how our products and services helped customers reduce the total number of devices used, increase the number of energy-efficient devices used and therefore reduce energy use are available on our website (https://www.xerox.com/en-us/insights/type-case-study).

As an example, a major U.S. financial services company replaced 1,200 personal printers with 172 energy-efficient multifunction devices bringing significant sustainability gains, including energy/GHG savings and less toner and paper usage. Through our Print Smart program we also helped another company reduce its paper consumption by 6.3 million printed pages. The resulting environmental impacts included reductions more than 500,000 pounds of greenhouse gas emissions.

Xerox is a charter partner of the International ENERGY STAR program and has introduced nearly 500 ENERGY STAR qualified products since 1994. The annual savings from our ENERGY STAR qualified equipment installed in our customer's locations is equivalent to lighting one million U.S. homes for a year.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to education customers about your climate change performance and strategy

% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

0

Please explain the rationale for selecting this group of customers and scope of engagement

Xerox account managers regularly contact the EHS&S department requesting environmental sustainability presentations to share with current customers, new clients and potential new clients, especially for Managed Print Service clients. The presentations include the Xerox sustainability strategy, goals, targets, challenges, new developments, etc. related to climate change, GHG emissions, energy conservation and other sustainability topics. The presentations contain information such as:

• Comparison between Xerox materiality matrix and the customer's high priorities

• Environmental, Social, and Governance (ESG) matters (ranging from climate change and extreme weather events to workplace violence) and how Xerox integrates ESG into our ERM process
• Communication of Xerox GHG performance via CDP disclosure to specific customers upon request, and completion of customized sustainability questionnaires as requested
• Overview of Xerox services & products
• Collaboration opportunities

Impact of engagement, including measures of success

Most customer engagement results in a conversation between the Xerox account manager, the sales team and the customer representative to discuss in detail the information presented. This translates into revenue opportunities for Xerox the majority of the time, which we use to measure the success of the engagement. It also reinforces the customer loyalty to Xerox.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

0

Please explain the rationale for selecting this group of customers and scope of engagement

Xerox account managers regularly contact the EHS&S department requesting environmental sustainability presentations to share with current customers and new or potential clients. The presentations include Xerox sustainability history highlighting accomplishments such as “power down” mode, Earth Smart print driver features, such as duplex (two-sided printing), n-up (multiple pages per sheet), proof print and toner saving modes), Print Awareness Tool, and Xerox ConnectKey ™ technology, etc. highlighting innovation for sustainability benefits that help Xerox customers to address climate change impacts in their operations using our products, goods or services.

The Gil Hatch Center, located at the Webster campus is a customer engagement center that showcases Xerox® digital technology, solutions and services portfolio. Customers are invited to the center to learn about our products and technologies, as well as to participate in:
• Thought Leadership Workshops (events focused on a group of like customers or a

specific market segment, focusing on the delivery of strategic messages along with a variety of presentations and technical demonstrations)
• Executive Customer Exchange (an event focused on a single account with an agenda designed to meet the requirements of that particular account); and
• Lab Days (an opportunity for the customer to bring their files and/or stock and have them run on a specific piece of equipment).

Impact of engagement, including measures of success

Most customer engagement results in a conversation between the Xerox account manager, the sales team and the customer representative to discuss in detail information about the new technology, products or services presented. This translates into revenue opportunities for Xerox the majority of the time, which we use to measure the success of the engagement. It also reinforces customer loyalty to Xerox and opens opportunities for collaboration.

The Xerox Energy and Climate Change Specialist regularly prepares customized impact assessments upon request for current customers, and has prepared estimates for sales managers to use in contacts with prospective clients. These presentations enable client managers to have detailed sustainability discussions with their customers. For example, sustainability implications and other Xerox service and support advantages played into a University of Michigan decision to go entirely with Xerox machines.

Xerox is also participating as a founding member in the Department for Environment, Food and Rural Affairs (Defra) new initiative bringing together businesses, NGOs and policymakers in a joint ambition to making the UK's information technology (IT) sector more sustainable. Through our Intelligent Workplace cloud-based Solution, Xerox achieved their customer requirement for a workflow and print environment that would help them achieve their ambitious Net Xerox Goal. As a result, Defra asked Xerox to join their Defra e-Sustainability Alliance (DeSA) to define procurement criteria in support of energy and GHG reduction. This coalition of organizations will be producing regular blogs for Defra, outlining best practice advice on the ways in which IT firms of all sizes can minimize their environmental impacts and how non-IT businesses can use digital technologies to drive progress towards the Sustainable Development Goals (SDGs). In a first step towards this knowledge sharing, DeSA this week published a guide detailing how businesses can use IT to align their work with the SDGs and the UK Government’s 25-Year Environment Plan. Entitled 'helping businesses create a greener, more sustainable future through ICT’, the document is intended to support “anyone with an interest in the relationship between sustainability and IT”, regardless of their employers’ size or position in the sector’s value chain.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations

Funding research organizations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support	Xerox has engaged directly with the US EPA and responded to consultations regarding updates to its ENERGY STAR eco-label specification for Imaging Equipment Standard. We engage on an “as needed” basis when these rules and standards come up for review. For instance, Xerox served as a technical advisor for V3.0 and 3.1 of the Energy Star specification for Imaging Equipment. The Version 3.1 specification revision was recently finalized and went into effect in late 2020.	We support the continuation of the Energy Star Imaging equipment standard and are not advocating any changes in legislation at this time.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

No

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

Yes

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Our Office of Global Government Affairs coordinates and oversees all policy-based interactions with governments and governmental organizations across the nation and around the world and is responsible for undertaking comprehensive annual reviews of our environmental partnerships to ensure alignment of Xerox's environmental priorities. In addition, our Office of Global Government Affairs has the exclusive authority to express the Xerox position on matters of public policy, including climate change. By restricting such communications to the Office of Global Government Affairs, Xerox ensures that the company speaks with one voice on matters of climate related public policy.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

Y

C12.4a_2020-Xerox-Annual-Report.pdf

Page/Section reference

2020 Xerox Annual Report, Pages 4, 5, 8 19, 20

Content elements

Governance
Risks & opportunities
Emission targets

Comment

Publication

In voluntary sustainability report

Status

Underway – previous year attached

Attach the document

Y

C12.4b_2020_Xerox_CSR_Report.pdf

Page/Section reference

2020 Xerox Corporate Social Responsibility Report, Pages 18-21, 28-29

Content elements

Governance
Strategy
Emissions figures
Emission targets

Other metrics

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
Y

2021 corporate-social-responsibility-progress-summary.pdf

Page/Section reference
2021 CSR Goals and Progress Summary, Pages 4-6, 10

Content elements
Emissions figures
Emission targets
Other metrics

Comment

Publication
In voluntary communications

Status
Underway – previous year attached

Attach the document
Y

C12.4d_Xerox_2020_TCFD.pdf

Page/Section reference
2020 TCFD Report, Pages 1-7

Content elements
Governance
Strategy
Risks & opportunities

Comment
Pages 1-7

C15. Signoff

C-FI

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

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C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	President and Chief Operating Officer	Chief Operating Officer (COO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain questions?
I am submitting my response	Investors Customers	Public	Yes, I will submit the Supply Chain questions now

Please confirm below

I have read and accept the applicable Terms