



2011 Report on Global Citizenship





Ursula M. Burns
Chief Executive Officer

Dear Stakeholders:

It's been two years now since I was named Chief Executive Officer of Xerox. In that time, we've made significant progress – most notably acquiring Affiliated Computer Services (ACS). Now we are the world's leading enterprise for business process and document management. Through the broader business we're building, I'm more convinced than ever in the power of this company to help build a better and more sustainable world in three broad ways:

- By helping our customers leverage the power of technology to reduce their carbon footprints, create less waste and otherwise contribute to a more sustainable environment. Our Managed Print Services help our customers reduce paper documents through digital imaging, archiving and indexing. And with our solid ink technology, there is less waste with no cartridges to dispose of and far less packaging to add to landfills.
- By helping our customers build more sustainable enterprises by doing the things we do best, thereby giving our customers the freedom to focus on what they do best and build more successful businesses for the long term. For example, ACS manages automated toll systems like E-ZPass® – helping state governments reduce traffic and the associated environmental impacts.

- By managing our own business in the most sustainable way, serving as role models for our customers and partners and as a proof statement of what is possible. Our greenhouse gas emissions are down 31 percent from 2002, the result of improved energy efficiency, new technologies and improved energy management practices.

Those three goals are what excite me. The new Xerox is better positioned and equipped than ever to help enterprises around the world leave the planet better than we found it and build organizations that can sustain themselves far into the future.

That's really important to us. Most of us joined Xerox not just because it's a big company with fantastic technology, but because we are a company with good values that we take very seriously. Perhaps because we've always embraced diversity in the broadest sense, we seem to have a disproportionate number of people for whom a job becomes not only a rewarding career, but also a unique way to make the world better at the same time.

I hope you will take some time to read through this report and dive deeper in our online citizenship review at www.xerox.com/corporate-citizenship/2011. You'll quickly understand what I mean. A special culture is hard to define in words. At Xerox, we live our beliefs and our values through our actions. The end result is a rich cultural workplace where camaraderie and opportunity go hand in hand.

“The new Xerox is better positioned and equipped than ever to help enterprises around the world leave the planet better than we found it and build organizations that can sustain themselves far into the future.”

As a 31-year veteran of Xerox, I have a great appreciation for what a force a global company can be for the betterment of mankind. With the addition of the 77,000 people of ACS, our capacity to make a difference has grown exponentially. The opportunities we now have to help businesses sustain themselves and provide jobs far into the future are significant and have added a new dimension to the way we see ourselves in the world. Here's why I say that.

Building a Sustainable Environment

The days when sustainability was considered a “nice” thing to do are long gone. Today, most businesses have come to realize that a focus on sustainability is good business. Yes, it helps to save the planet, but it also saves money.

As part of the “old green guard,” we have known this for decades and we’ve been putting what we’ve learned into technology and practices that help our customers. The list of the innovations we pioneered is long – two-sided copying to use less paper; remanufacturing parts and products to reduce waste; print-on-demand and one-to-one printing to reduce the use of paper; energy-saving devices on our technology; working with our suppliers to source paper from areas that practice sustainable forestry; and partnering with organizations like The Nature Conservancy to further promote responsible forest management both in areas that we source from and in other key geographies around the globe.

More recently – and this still comes as a surprise to many people – we have been working with our customers to reduce their reliance on paper and move to digital documents. This document you are reading exists in both paper and digital form. In fact, we print only 1,000 copies. The rest are read online or printed only when someone needs the traditional paper form. No more boxes of unneeded reports in warehouses and no more mass distribution of printed copies, many of which go unread.

Some of the largest Xerox customers today want to do away with paper wherever and whenever possible – and we are only too happy to help them. It’s a win-win-win value proposition – what has been called the triple bottom line. It’s good for our customers, good for Xerox and good for the planet.

One example of what I mean is the banking industry’s move to communicate with their customers via the Internet – a shift from sending monthly bill statements in the mail to e-mailing digital statements. No more printing and no more costs related to printing and distributing. It started way before the recession, but picked up steam during the economic downturn because of the need to cut costs. I do all my banking online now and chances are good that you do, too. Many clients still use Xerox technology for this kind of transactional printing – checking account statements, credit

card bills and the like – but we do less of it these days. We have our eyes wide open to these types of changes. Rather than fight them, we embrace them. We’ve built the new Xerox to do whatever the customer wants – snail mail or e-mail, paper or digital.

Building Sustainable Enterprises

With the acquisition of ACS, we have dramatically expanded our ability to help our customers be more successful – what we call “Ready for Real Business.” Of course, we continue to be the world leader in document technology and services – printers, multifunction devices, publishing systems, managed print services, and a wide array of software and solutions. We’re proud of that heritage and we are committed to continuing to lead in this space. But we are so much more. Here is a flavor of what more we now do:

- We operate over 140 customer care centers around the world. They handle more than a million transactions for their customers a day and they do it in 20 different languages – helping businesses build customer loyalty and grow that revenue.
- We have contracts with all 50 states in the U.S. to handle processes like child-support payments, food stamps, Medicaid, disability, health and welfare – helping governments improve service to their constituents while saving money for taxpayers.
- We work with scores of municipalities to manage public parking facilities, speed travelers through toll gates and gain easy access to transit systems – making these cities run more efficiently while reducing their carbon footprints and giving taxpayers a good return on their investment.
- We process three million credit card applications a month; have a consumer loan servicing portfolio of \$65 billion; process 900 million insurance claims per year; and on and on.

The point I am making is that the new Xerox is in some places you wouldn't expect to see us, doing things you probably didn't know we could. All these capabilities have a common thread. They require competencies most companies don't have and time most companies don't want to invest. By outsourcing that work to Xerox, our clients have the freedom to focus on their real business. And we execute our services in such a way that our customers save money, boost productivity, improve customer care, reduce energy consumption, use less paper and are assured that they are getting best-in-class solutions. That payoff comes from our advantaged technology and expertise in managing basic and complex business functions.

Serving as a Role Model

If I sound excited about our capacity to make a difference, it's because I am. The truth be told, I'm a little frustrated and impatient that we can't solve all the world's problems. So are Xerox people. I believe that's a good thing. We hate the status quo and don't have much tolerance for people who tell us what can't be done. For us, impatience with the same old way of doing things is becoming a competitive advantage of ours.

“We execute our services in such a way that our customers save money, boost productivity, improve customer care, reduce energy consumption, use less paper and are assured that they are getting best-in-class solutions. That payoff comes from our advantaged technology and expertise in managing basic and complex business functions.”

Impatience is in our bones. Chester Carlson, who invented xerography, worked in a patent office and spent countless hours in the New York Public Library hand-writing material he needed for his research on patents. It made him impatient and he found a better way. Joseph C. Wilson, the founder of Xerox, who bet his family's business on Carlson's invention, described him as an “unreasonable man because he wouldn't accept things the way they are.” I think Chester Carlson

and Joe Wilson would like the edginess in the company they founded – the belief that things can be better and the commitment to try to make them so.

This report covers our progress for the first year since we acquired ACS and more than doubled the number of people who are included in the Xerox family and work under the Xerox brand. The people of Xerox are focused on so many important things – sustainability, customer focus, community engagement, diversity, respect for the individual, innovation and a determination to return the trust our shareholders place in us with good value. The report is organized around five themes that capture the essence of our global citizenship efforts:

- Conducting our business with integrity and transparency builds credibility and attracts investors.
- Aligning our resources around customer need provides the revenue stream that enables investment in innovation and future growth.
- Nurturing a greener world through sustainable innovation and development saves money, creates value and helps develop new markets.
- Creating a great workplace for our people strengthens our competitiveness.
- Leveraging our resources to make our world better improves the quality of life for our people and the economic climate for our customers.

We know we are far from perfect, but we constantly try to be better. The more we do, the more we discover what we must do. We don't shrink from those challenges. We embrace them. We're impatient people – and we believe that's a virtue.



Ursula M. Burns
Chief Executive Officer

Progress Report

Supporting the Customer

We are customer-centric, dedicated to helping businesses free up more time to devote to their core work. Customers say this is truly valuable support. But what solutions should we focus on? No one knows the answer to that better than the customers themselves. That's why we assign senior executives to make sure there are no systemic barriers between us and our customers. We even have a Customer-Led Innovation Team to bring customers and Xerox researchers together to drive our development strategy.

Activity

Highlights

Broadened Product Portfolio: Product Launches

Xerox offers the industry's broadest portfolio of document technology and services, with more than 137 products launched in the last four years. Xerox won more than 263 awards globally in 2010 in recognition of innovative technology, reliable products and a leading services offering. For example, Xerox was named "Company of the Year" and "Overall Winner" in the workgroup color printers category by Everything Channel's *CRN Magazine*, a leading industry publication and website for value-added resellers, solution providers and other channel professionals.

Number of Patents Awarded to Xerox Group; Includes Fuji Xerox

Xerox was granted 1,031 U.S. patents, up 46 percent over 2009. Xerox's joint venture in Japan, Fuji Xerox Co. Ltd., received 574 U.S. patents. When taken together, the Xerox group garnered over 1,600 patents total. Xerox and Fuji Xerox collectively invest about \$1.6 billion annually in research, development and engineering.

Customer Service

Xerox has been recognized by J.D. Power and Associates for providing "An Outstanding Customer Service Experience." This is the fifth consecutive year the company has achieved the esteemed certification for Excellence in Technology Service and Support – known as one of the customer service industry's highest achievements. Xerox continues to demonstrate its commitment to continuous improvement and to delivering superior service and technical support.

Gartner has placed Xerox in leadership positions in the Gartner Magic Quadrant for Managed Print Services, Desktop Outsourcing Services, Help Desk Outsourcing Services and Finance & Accounting Business Process Outsourcing.



2010	2009	2008	2007
33	34	29	41
1,600+	1,131	940	901
<p>Achieved certification in the J.D. Power and Associates program for Certified Technology Service and Support.</p>	<p>Achieved certification in the J.D. Power and Associates program for Certified Technology Service and Support.</p> <p>Xerox is the leader in Document Process Outsourcing according to the 2009 Black Book of Outsourcing, an annual guide that evaluates the costs and benefits of outsourcing. The yearly ranking of outsourcing companies is based on survey responses from more than 24,000 executives worldwide.</p>	<p>Achieved certification in the J.D. Power and Associates program for Certified Technology Service and Support.</p>	<p>Achieved certification in the J.D. Power and Associates program for Certified Technology Service and Support.</p>

Progress Report

Preserving the Planet

Working to protect our planet creates a healthier environment for all and ensures an abundant future for our children. We engage in many environmentally focused initiatives, such as the new recycling and return program to recover more toner and supplies for reuse. We develop environmentally-responsible technology, like our patented EA toner, producing better print quality with less toner, less waste and less energy. Employees compete for Earth Awards given for the best ideas to eliminate waste for customers and ourselves.

Activity

Highlights

Environmental Management

Environmental performance reporting now occurring at all major Xerox facilities, whether manufacturing, office or warehouse.

Recycle Rate (Non-hazardous Solid Waste)

We established a corporate waste-free goal for facilities to reduce the amount of waste sent to landfills or incinerated 50% by 2015 and 85% by 2020 against a 2009 baseline in both cases.

Water Consumption

In 2010, we decreased water consumption and sewer volume discharges at some of our largest campuses globally by eliminating once-through cooling. Efforts such as these decreased water consumption by over 40 million liters annually across Xerox sites worldwide.

Energy Consumption

Energy consumption down 22% from 2002.

Greenhouse Gas Emissions

Greenhouse gas emissions down 31% from 2002, the result of improved energy efficiency, new technologies and improved energy management practices.¹

In the beginning of 2010, began the effort to establish the GHG emissions inventory for Affiliated Computer Services, now a Xerox Company.

Products Launched Achieving the ENERGY STAR® Rating (Eligible Products)

100% of eligible new product launches in 2010 met the current (July 2009) ENERGY STAR requirements.

Waste Diverted from Landfills Through Equipment and Supplies Return, Reuse and Recycling Programs

Significant enhancements to Xerox's Green World Alliance program for used consumables include additional return options in the U.S., and a partnership with Close the Loop in the U.S. to encourage more return and recycling of toner cartridges.

¹Differences between the sum of year-over-year changes and comparisons to 2002 baseline are due to baseline adjustments made in accordance with GHG Protocol.



2010	2009	2008	2007
<ul style="list-style-type: none"> All manufacturing facilities maintained certification to ISO 14001 Equipment Distribution Centers in the U.S. achieve ISO 14001 certification 	<ul style="list-style-type: none"> The new Xerox EA Toner Manufacturing Sites achieves ISO 14001 certification 	<ul style="list-style-type: none"> All manufacturing facilities certified to ISO 14001 The ISO 14001 approach has been extended to U.S. warehouse operations 	<ul style="list-style-type: none"> All manufacturing facilities certified to ISO 14001 Two facilities named members of U.S. EPA National Environmental Performance Track, bringing total to five
92%, down 1% from 2009	93%, up 1% from 2008	92%, unchanged from 2007	92%
Down 7% from 2009	Down 7% from 2008	Down 15% from 2007	Up 2% from 2006
Down 2% from 2009	Down 8% from 2008	Up 2% from 2007	Down 2% from 2006
Down 3% from 2009; Down 31% from 2002–2010	Down 11% from 2008; Down 31% from 2002	Down 20% from 2002	Down 21% from 2002
100%, up 8% from 2009	92%, up 12% from 2008	80%	80%, down 20% from 2006 due to new ENERGY STAR specification
2.4 billion pounds since 1991	2.3 billion pounds since 1991	2.2 billion pounds since 1991	2.1 billion pounds since 1991

Progress Report

Improving the Workplace

Focusing on creating a workplace of satisfied employees isn't just the right thing to do. It's the secret to having happy and satisfied customers. To ensure a workplace that is diverse and fair to all, we've developed many innovative channels for employee feedback, including our Voice of the Employee Survey, conducted in 37 countries. We are honored that respected groups continually cite Xerox for diversity leadership and as one of the best places to work.

Activity

Employee Survey:
My work gives me a feeling of personal accomplishment.

Highlights

Our proprietary Voice of the Employee (VOE) Survey allows managers to create a personal pulse survey to assess their employees' satisfaction on their job, workgroup, manager, and on Xerox as a whole.

In the past two years, we have surveyed over 97% of the global Xerox population in 48 countries and in 25 languages. Each manager receives a personalized report. In addition, we capture global trend data and employee ideas.

Sentinel Satisfaction Assurance System

The Sentinel Customer Satisfaction Assurance System™, a Xerox proprietary Web-based polling/routing/reporting system, links employee inquiries or comments through the intranet with appropriate Xerox contacts to identify and track any comment, suggestion or unresolved problem for action.

In addition, Sentinel can send periodic "check-in" e-mails to employee groups for targeted feedback about a particular process or service. For example, after identifying a need for improvement, an internal employee services group in the U.K. sends a bimonthly "check-ins" to all internal customers to monitor the level of service and make immediate adjustments. This resulted in improved employee services.

Diversity: Percentage of Women Employees

The change is due to combining the Xerox and ACS workforce.

Diversity: Percentage of Minority Employees

The change is due to combining the Xerox and ACS workforce.

Employee Injury Rates: Total Recordable Incident Rate

Improved management processes for inspection of safety performance and safety improvement opportunities.

Employee Injury Rates: Days Away From Work Case Rate

Health/safety/wellness program launched to U.S. service technicians to improve awareness and become stronger advocates for their own safety and overall wellness.

* Global data based on 72,000 survey results. The North American percentage of the agreement is 82%.

** North American data only.



2010	2009	2008	2007
72%*	77%**	No surveys conducted	80%**
6,698 issues received and routed for resolution	4,106 issues received and routed for resolution	4,219 issues received and routed for resolution The increase is a result of increased global adoption of the tool	320 issues received and routed for resolution
49.7%	31.8%	32.9%	31.5%
37.5%	30.1%	22.6%	29.5%
Up 18% from 2009; Down 56% from 1996	Down 7% from 2008	Down 2% from 2007	Down 12% from 2006
Up 4% from 2009; Down 51% from 1996	Down 4% from 2008	Up 6% from 2007	Down 11% from 2006

Progress Report

Advancing the Community

We understand that a successful corporation must actively participate in society. We believe in the importance of giving back to our communities and in the power of education. Over the years, the Xerox Community Involvement Program has funded over 18,000 projects supported by over 400,000 employees. As a founding partner in FIRST (For Inspiration and Recognition of Science and Technology), we help kids channel their curiosity into an interest in science and math.

Activity

The Xerox Foundation Giving: Total

Highlights

In 2010, 1,840 non-profit organizations, colleges and universities received direct financial support from the Xerox Foundation through grants, matching gifts or community involvement activities. We continued to focus our investments in these areas:

- Education and Workforce Preparedness
- Science and Technology
- Environmental Affairs
- Employee and Community Affairs
- National and Cultural Affairs

Xerox Community Involvement Program (XCIP):
Number of U.S. Employees Who Participated in Community Activities

Our ACS employees partnered with local schools in Dallas, Texas, to develop and implement “Readers Are Leaders” – a program aimed at improving reading skills and comprehension while stimulating a lifelong interest in reading.

When tornadoes ravaged parts of Alabama and north Florida, Xerox employees leapt into action. They donated and distributed urgently needed supplies, helped in the rebuilding efforts and loaned Xerox equipment to Red Cross relief offices. The Xerox Foundation also helped, donating \$50,000 to the local Red Cross.

In Poland, our company partnered with local organizations to promote awareness of breast and cervical cancer in the Love Your Life campaign. The campaign targeted at risk women in small towns who often don’t seek preventative care.



2010

\$12.5 million

2009

\$12.0 million

2008

\$12.6 million

2007

\$12.5 million

- 10,137 Employees
- 712 Projects
- \$1,009,584

- 8,650 Employees
- 648 Projects
- \$978,018

- 9,893 Employees
- 604 Projects
- \$909,000

- 9,075 Employees

Preserving the Planet

Preserve Biodiversity and the World's Forests

Strategic Goal

Sustainable paper cycle

Objective

- Source paper from companies committed to sound Environment, Health and Safety practices and sustainable forest management.
- Certify Xerox-branded paper to standards for sustainable forest management.
- Advance sustainable forest management tools and approaches among Xerox suppliers.

Metric/Target

- Supplier adherence to Xerox requirements for sustainable forest management.
- Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) Chain of Custody certifications for Xerox operations.
- Successful partnership with The Nature Conservancy.

2010 Progress

- The annual supplier conformance process has been enhanced to measure key environmental metrics of each of our suppliers with a goal of offering preference to suppliers exhibiting continual improvement in the reduction of greenhouse gas (GHG) emissions, water and waste in their operations.
- Maintained chain of custody certification as planned, expanding portfolio of FSC- and PEFC-certified papers.
- In early 2010, Xerox renewed the partnership with The Nature Conservancy for a four-year period.

Preserve Clean Air and Water

Strategic Goals

- Zero persistent, bioaccumulative, toxic (PBT) footprint
- Water-neutral
- Zero hazardous air pollutants

Objective

- Reduce PBT footprint throughout the supply chain.

Metric/Target

- Xerox's ISO 14001-certified facilities have established goals to reduce hazardous materials as well as energy and waste.
- Reduce use of PBTs in Xerox supply chain through adherence to Xerox's chemical use standards for all suppliers and EICC requirements for our 50 key global suppliers, representing 90% of spend by 2012.
- Life Cycle Evaluation (LCE) to prioritize areas for future technology development.

2010 Progress

- Worldwide hazardous waste volumes decreased 4% from 2009; 93% were beneficially managed.
- Emissions of volatile organics from manufacturing processes decreased by 16% from 2009 levels.

- Releases reported under national toxic chemical release reporting regulations decreased by 15% from 2009 levels; 97% of these releases were beneficially managed.
- Most Xerox Sites globally have eliminated the use of PBT containing materials from facility and equipment maintenance processes. The two remaining sites using PBTs minimally are working to replace the materials.
- Completed peer-reviewed Life Cycle Assessment for ColorQube™ 8570/8870 and internal assessments of alternative toner formulations/processes.

Protect Our Climate

Strategic Goal

Carbon-neutral

Objective

- Reduce total company-wide GHG emissions.
- Help customers meet their printing needs with the most energy-efficient document management solutions.

Metric/Target

- Reduce total GHGs 25% from 2002 to 2012.
- Obtain ENERGY STAR for 90% or more of new product launches by 2010.

2010 Progress

- GHG emissions down 3% from 2009 and down 31% from 2002 to 2010.
- 100% of eligible new products launched achieved ver 1.1 of ENERGY STAR®.

Waste Prevention and Management

Strategic Goal

Waste-free facilities and products

Objective

- Reduce material footprint of Xerox equipment and supplies.
- Achieve "zero waste to landfill" for major facilities worldwide.

Metric/Target

- Continued investment in "cartridge-free" solid ink technology that produces up to 90% less waste from supplies and packaging than conventional office color printers.
- Maintain >90% reuse or recycling of recovered Xerox equipment and supplies offerings.
- Expand ISO 14001-conforming environmental management system to Xerox U.S. supplies warehouses in 2008 and additional operations and geographies in 2009 to 2011.

2010 Progress

- Launched ColorQube 8570/8870 and continued development of production printer that utilizes Xerox's solid ink technology in preparation for launch in 2011.
- Achieved 92% reuse/recycle rate.
- Goal established in 2010 to decrease the amount of waste sent to landfill by 85% in 2020.
- Two U.S. Distribution Centers achieved ISO14001 certification.



This report is just a snapshot of Xerox's comprehensive citizenship activities. The report itself is printed in ways that minimize its impact on the environment. To keep paper use at a minimum, we've expanded www.xerox.com/corporate-citizenship/2011 to provide the full picture of our global initiatives.

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