



Responsible Operations

Reducing our Company-wide Carbon Footprint

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

Xerox is finding success with the following approaches:

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utilizing outdoor pipes to cool process water in winter months (rather than powered industrial chillers) and replacing outdated heating and cooling systems with energy-efficient and digitally controlled models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



GRADE FROM THE CDP
for our positive actions to prevent climate change and
protect natural resources

[Learn more about the data presented in this section. +](#)

All of our major manufacturing and distribution operations employ an environmental management system that conforms to ISO 14001. The system:

- Establishes a framework to ensure compliance with regulations and Xerox standards
- Identifies environmental impact and sets objective and performance targets
- Ensures integration between day-to-day business activities and environmental planning and program management
- Encourages innovative engineering solutions, creative partnerships and employee involvement

Our major manufacturing operations have been certified to ISO 14001 since 1997. Our major worldwide technology equipment distribution centers achieved certification in 2010. Quarterly status meetings and integration with a newly deployed scorecard promote visibility, best practice sharing and innovation.

Energy Goal 2020

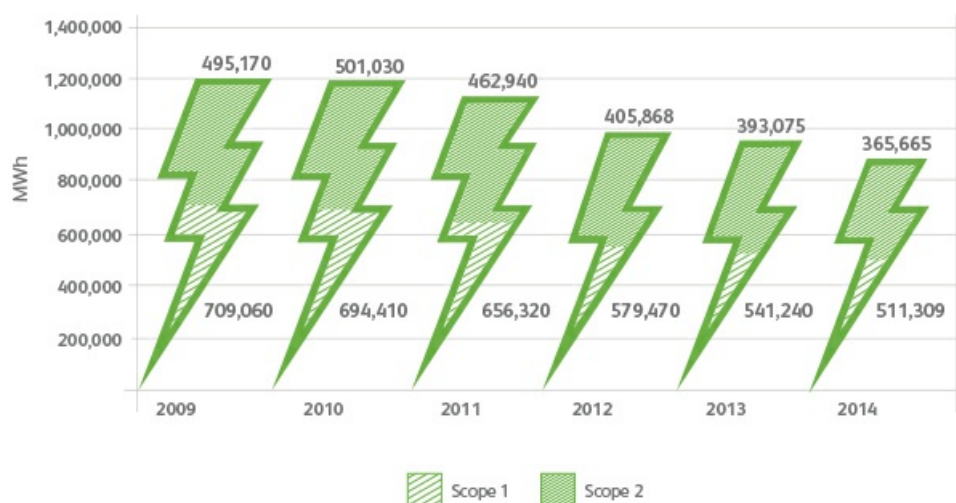
In 2003, we made a public commitment to reduce (GHG) emissions — our carbon footprint — by joining the U.S. EPA Climate Leaders program and launching an internal program known as Energy Challenge 2012.

This 10-year initiative set a goal to reduce GHG emissions across all company operations¹ 10 percent by 2012. We met this target six years ahead of schedule, so we set a new target of 25 percent reduction by 2012 (from a 2002 baseline). At the conclusion of the program, we successfully cut emissions by 42 percent — that's 210,000 tons of carbon dioxide equivalents (CO₂e) — and reduced energy consumption by 31 percent.

Our new corporate-wide goal is to reduce energy consumption by 20 percent by 2020 (from a 2012 baseline). In 2014, we reduced energy consumption by 11 percent and cut emissions by 15 percent — that's 41,434 tons of carbon dioxide equivalents (CO₂e).*

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

Energy Consumption



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

Greenhouse Gas Inventory

In keeping with the international guidelines of the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development, we track the six major GHGs: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆). We express our carbon footprint in terms of carbon dioxide equivalents (CO₂e).

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

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

In 2014, Xerox GHG emissions totaled 232,241 metric tons of CO₂e. About 51 percent were indirect emissions from purchased electricity and steam. The remaining 49 percent were direct emissions from the combustion of natural gas, gasoline and diesel fuel. Xerox-owned or leased facilities, such as manufacturing sites, offices and warehouses, are associated with 50 percent of our direct GHG emissions. The remaining 50 percent are direct emissions from our service and sales vehicle fleet and

other mobile sources.

Greenhouse Gas Emissions

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

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

Our Scope 1, Scope 2, and Scope 3 GHG emissions have been verified by a third party verification/assurance company in accordance with ISO 14064-3:2006 against our Xerox Corporation defined methodology described in "Xerox Corporation Greenhouse Gas Emissions Inventory Management Plan, Version 2, August 2014" and the principles of Transparency, Accuracy, Consistency, Completeness and Relevance.

Climate Change Risks and Opportunities

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

We assess and manage our carbon risk by maintaining both a robust GHG emissions inventory and a mature regulatory tracking function that provides the necessary information to stay abreast of developing regulation. We do not consider our company to be subject to unique risks due to changing weather patterns, rising temperatures and sea level rise, but we recognize that our business could be impacted by more frequent disruptions as a result of severe weather in locations where we operate. We may also need to invoke our business continuity and

resumption plans to aid customers who are impacted by business disruptions due to severe weather. We're experienced in working with customers to ensure continuity of critical applications by prioritizing business needs and developing customer-specific preparedness plans where appropriate. Our business resumption plans include communication with employees and customers, management of employee health and safety issues, business continuity and resumption processes, and interaction with government organizations.

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

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

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

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

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

Preserving Clean Air and Water

Air Emissions

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

Most of our air emissions originate from the production of imaging supplies such as

toner, photoreceptor drums and belts, and fuser rolls. Although 2014 volatile organic process air emissions (VOC and non-VOC) from these production activities were essentially the same as in 2013*, our historical reductions demonstrate the success of our design initiatives to minimize environmental impact. Emission reductions have primarily come from process modification, lower production volumes of legacy products coated using organic solvents, and production declines attributable to longer-life components.

* 2013 emissions have been revised in this report to reflect the inclusion of process emissions that were inadvertently excluded.

Volatile Organic Process Air Emissions



A subset of these volatile organic process emissions is defined by the U.S. Environmental Protection Agency (EPA) as hazardous air pollutants (HAP). In 2014, Xerox reported worldwide air emissions of approximately 5 metric tons of HAP under national toxic chemical release regulations, including the United States' Toxic Release Inventory (TRI) program. Methylene chloride, methyl isobutyl ketone (MIBK), 1,3-butadiene and styrene represent virtually all of these HAP emissions.

2014 HAP Air Emissions

as Reported Under National Toxic Release Regulations

Ozone-Depleting Substances

Xerox policy prohibits the use of ozone-depleting substances (ODS) as ingredients in products, spare parts, accessories and packaging. Ozone-depleting substances are used as refrigerants in facility and vehicle air conditioning systems and various food/equipment-cooling systems. Although ODS may be released during the normal operation and failure of these systems, the total amount released is not significant from a company-wide perspective. Elimination of ODS as refrigerant is managed consistent with government phase-out dates.

Toxic Chemical Releases

The release of materials used in our worldwide operations is evaluated annually and reported to government agencies under national toxic chemical release reporting regulations, such as the U.S. Toxic Release Inventory, the Canadian National Pollution Release Inventory, and the European Pollutant Release and Transfer Register. Releases for reporting year 2014 were 5 percent lower than 2013 levels and 71 percent lower than 2007 levels. In 2014, reportable releases and transfers decreased primarily due to decreases in the amount of organic solvent used in production manufacturing processes.

Reportable Toxic Chemical Releases and Transfers

In 2011, operations with reportable toxic chemical releases to the air, land or water — in amounts of greater than one metric ton — established goals, targets and objectives related to chemical releases. Progress against these goals as of year-end 2014 is summarized below.

- An initiative to reclaim spent methyl isobutyl ketone (MIBK) continued to exceed expectations in the third full year of implementation. Recovered solvent was qualified for use as a cleaning solvent for the fluid delivery systems used in U.S. fuser roll coating operations. As a result, the amount of virgin MIBK purchased in 2014 for use in the manufacturing operation was reduced by 42 percent from the 2010 baseline on a normalized, per-part basis.
- The amount of methylene chloride used to manufacture Xerox photoreceptor belts was reduced by more than 61 percent from the 2010 baseline, greatly exceeding target. This dramatic reduction was primarily due to volume declines of legacy products and process modifications that reduced the amount of methylene chloride used for batch cleaning of production equipment.
- Emissions of 1,3-butadiene from U.S. toner resin manufacturing operations did not meet the normalized, per-batch target in 2014 due to a process modification that increased transfer losses. Actions have been taken to partially mitigate those losses, and a new baseline will be established.

Spills and Accidental Releases

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

In 2014, our North American operations identified two reportable accidental spills/releases (compared with five in 2013). Both of the events occurred at our Monroe County, New York, location. One event was contained within the internal containment structure and cleaned up with no environmental impact. The other was

the result of a minor spill of a hazardous material which forced an evacuation of the building and subsequent ventilation of the material to the air. Immediate corrective actions were taken in both cases.

Water Consumption and Treatment

As part of our commitment to conserve resources, we monitor water consumption across our manufacturing, distribution and R&D facilities worldwide. We have met the corporate goal to reduce water consumption by 21 percent by 2014 (against a 2009 baseline).

Our new goal is to reduce water consumption by 35 percent by 2020 (against a 2010 baseline). Water consumption in 2014 was down 28 percent against the 2020 goal.

Though we certainly continued conservation activities in 2014, any additional benefit was offset by changes in production scheduling that resulted in increases in manufacturing, more frequent product changes, and cleaning cycles. As a result, water consumption rose slightly in 2014.

However, at our emulsion aggregate toner plant in Webster, New York, employee teams worked to reduce overall waste generated by the process. A primary focus was the amount of water used for equipment cleaning. Teams were able to identify opportunities to reduce the frequency of full equipment washes and to optimize the way water is directed through the equipment. It improves cleaning efficiency and reduces the amount of fresh water used in each cleaning cycle.

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

The New York Water Environment Association presented our Webster, New York, facilities with a SILVER Environmental Performance Award for Water Discharge Quality for 2014. This award acknowledges that nearly 4,000 water permit analyses for sanitary and storm water met all permit specifications. We have received five gold and ten silver awards since the program began in 2000.

Water Consumption



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

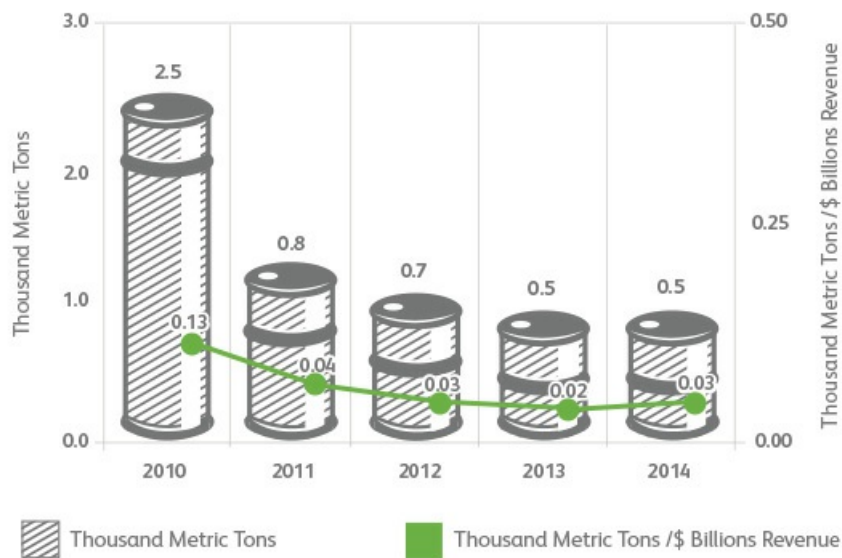
Preventing and Managing Waste

Hazardous Waste

There were no significant changes to our worldwide hazardous waste volumes in 2014. However, improvements included beneficially managing 73 percent of the hazardous waste generated in 2014 through recycling and/or fuels blending technologies, as compared with 62 percent in 2013.

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

Hazardous Waste Generated



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

Historically, the revenue values included in this graph only represented our Technology business. The revenue values include in this year's graph include the total revenue for the entire company.

2014 Hazardous Waste Management Methods

Chart Does Not Include Remediation Groundwater

Non-hazardous Solid Waste

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

We have an aspirational goal to drive our reuse/recycle rate to 100% by 2020 at our technology facilities compared to a baseline year of 2009. Additionally, Xerox has

committed to developing a process to collect and track solid waste data at all of our Services facilities.

Our global manufacturing operations and all facilities in Monroe County, New York generated 44,000 metric tons of non-hazardous solid waste in 2014, up slightly from 41,000 metric tons in 2013. Process waste consists primarily of paper, wood, pallets, waste toner, plastics and packaging waste such as corrugated cardboard. Equipment manufacturing waste includes scrap metal, waste batteries and lamps, miscellaneous trash, and non-usable end-of-life equipment and parts that our customers return to Xerox for processing and remanufacturing. This waste made up about 65 percent of the non-hazardous solid waste managed by Xerox operations in 2014. Xerox is able to reuse or recycle over 95% of the waste generated from our customer returns.

In 2014, we managed 93 percent of non-hazardous solid waste beneficially, up from 92 percent in 2013. The increased reuse/recycle rate can be attributed to an increase in our manufacturing operations using energy from waste technology for non-recyclables in 2014. Additionally, in 2014 our equipment resellers were able to return a number of products to the marketplace for resale. That resulted in a significant reduction of all non-hazardous waste. Please note that the reuse/recycle rate has been revised from previous years to more accurately represent non-hazardous waste management methods.

Non-hazardous Waste

Annual volume by management method



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

2014 Non-hazardous Waste Management Methods

Percentage by Management Method

93% Reuse, Recycle, Energy from Waste

Non-hazardous Solid Waste Recycling Rate

Environmental Remediation and Compliance

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

Today, only seven of the original 68 sites still require active remedial or control measures. During 2014 we were able to complete active remediation at two sites. We have removed the sources of contamination and have remediated the properties for reuse or redevelopment. In 2014, we completed remediation at a site in Canada, which was validated with final confirmation sampling in 2015. The other site remediated was in California, which will now enter into long-term groundwater monitoring.

In addition to using conventional techniques for groundwater recovery and soil excavation, we have a history of developing innovative remedial technologies. These included techniques that enhance the recovery of contaminants such as high-vacuum 2-Phase Extraction and enhanced bedrock fracturing. We also employ technologies where contaminants are converted to less-harmful substances through enhanced natural biodegradation and chemical oxidation.

Compliance Reporting

We require our various operations and subsidiaries worldwide to report allegations of regulatory violations to our EHS&S group for tracking, evaluation and corrective action, where appropriate. In 2014, six instances resulted in a notice of violation. Two of these resulted in penalties. One stemmed from incomplete inspection and maintenance records and the other involved exceeding wastewater discharge limits. All issues have been abated and closed out with the relevant authorities, and we've established appropriate controls to ensure ongoing compliance.

In Focus



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Going Green from Grassroots

The key to a company's sustainability success is engaging "cheerleader" employees.

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