



we strive for
a **better world**

2013 CORPORATE SOCIAL
RESPONSIBILITY REPORT



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Our Approach to Citizenship



Citizenship at Lexmark begins with our pledge to provide **innovative, high-quality products and services** for our customers in a responsible manner from both a **humanitarian and an ecological perspective**.

This encompasses our operations, where we deploy cost-effective best practices for energy conservation, wise water use, and waste reduction; and it extends to our support of community, where Lexmark employees are dedicated to creating cleaner, smarter, safer futures where we live and work.

We believe that highly accessible and consistent documentation of our progress drives meaningful exchanges and deeper exploration of these topics. Communication is critical to continually improve as a responsible corporate citizen. We are committed to transparency in running our business as well as in the reporting of environmental and social progress. [Click here](#) to contact us.

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MESSAGE FROM THE CEO



The release of Lexmark's 2013 Corporate Social Responsibility (CSR) report marks Lexmark's sixth annual Global Reporting Initiative (GRI) guided Corporate Social Responsibility report. The past year has been one of continued growth of Lexmark's global corporate social responsibility and sustainability programs and initiatives. I am proud of the progress we have made to date and we remain committed to continual improvement

in our efforts as we strive to be a leader in corporate social responsibility, both in thought and action.

Throughout the past year we have deepened our commitment to social responsibility and environmental sustainability. We have continued to ingrain design for environment in our solutions development processes, enhanced our environmental and social compliance programs, and partnered with community organizations, customers and non-governmental organizations such as The Nature Conservancy on initiatives that benefit the community. We also continued to strengthen our volunteerism efforts, enhance our employee benefits and much more.

We have also broadened our overall efforts to include more areas of social responsibility. Our continued support of STEM initiatives in our communities, the development of socially beneficial solutions for our customers, and building

a more responsible supply chain are just a few examples of the things we've done to build our holistic CSR program. We will continue to focus on these key areas while we also further our ongoing efforts to reduce our own operational footprint with the establishment of new goals and targets to be achieved by the year 2020. We have undertaken all of these efforts to better serve the needs of our customers and live up to the expectations of our employees, the greater community and shareholders.

2013 was also a year in which many areas of our world experienced unprecedented impacts from natural disasters. This is especially true of the Philippines. Lexmark has long been part of the Philippine community and many of our Filipino employees and their families were deeply impacted by the events of 2013. The resilience and volunteer spirit shown by our Philippine and global Lexmark team was and is truly amazing and Lexmark will continue to support efforts to rebuild and restore the impacted communities.

Finally, I'd like to thank the Lexmark employees who have made this happen even in the most challenging of business climates, our valued customers who have provided Lexmark with feedback on their needs and partnered with us to make their business and communities more sustainable, and the communities that have welcomed Lexmark as a partner. As we move deeper into the 21st Century I look forward to working with you to drive meaningful, beneficial change to better the world we all share.



Paul Rooke
Chairman and Chief Executive Officer
Lexmark International, Inc.

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ABOUT CORPORATE SOCIAL RESPONSIBILITY

At Lexmark International, our policies for environmental and social justice, environmental health and safety, corporate responsibility, and climate change, as well as the Lexmark Supplier Code of Conduct, are based on a profound respect for people and our planet.

To demonstrate our ongoing commitment to a better global society, and preservation and maintenance of our Earth, we have developed and embraced guidelines, procedures, and a course of action for all facets of Lexmark that interact with our employees, our customers, our business partners, and the world at large. At Lexmark, we believe these policies are the prudent and wise way to manage both our business affairs and our obligations to our world.

Corporate Social Responsibility programs and policies are established and directed by the Lexmark Sustainability Department, Corporate Social Responsibility Cross-Functional Team, and Sustainability Cross-Functional Team in close collaboration with teams across the company (including those in Development, Facilities, Human Resources, and Supply Base Management), our supply chain, our partners, as well as many others.

Lexmark Sustainability Leadership Team



DEB MACKAY
*Vice President,
Customer Experience,
Quality and Sustainability*



JOHN D. GAGEL
*Corporate Manager,
Sustainability, Corporate
Social Responsibility
Cross Functional Team
(CFT) Chairperson*



HOLLY BROWN
*Sustainability Cross
Functional Team (CFT)
Chairperson*

CORPORATE SOCIAL RESPONSIBILITY POLICY

Lexmark International's Corporate Social Responsibility (CSR) activities are fundamentally guided by the Lexmark Vision and Values – the cornerstone of the corporate character we have built at Lexmark.

Lexmark is committed to acting as a socially responsible company in our global community. This means that we will fully comply with the laws, rules and regulations of the countries in which we operate. It also means that we will go further by continually evaluating our business practices using the principle of sustainability. At the heart of sustainability lies the desire to maintain a balance between the economic, environmental and social needs of our world today without compromising the opportunities of future generations. We want Lexmark to be associated with a respect for human rights, safe work conditions and environmentally sound business practices, both for our own organization and for those with whom we partner.

The following areas of focus act as pillars in our overall commitment to social responsibility:

Community Involvement

Lexmark strives to understand and respect the cultural values and laws wherever we operate. Lexmark actively supports important initiatives in communities where our employees live and work. This commitment is visible in our contributions of financial, equipment and volunteer support. Where feasible, we also maintain programs that encourage our employees to support initiatives that are important to them as individuals.

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Corporate Governance and Ethics

Lexmark maintains extensive ethics and corporate governance structures. These include but are not limited to the Board of Directors, Board Committees, and Articles and By-Laws of the corporation. We also communicate and enforce a detailed Code of Business Conduct for all employees worldwide and provide numerous communication channels through which employees, subject to local law, can report possible code violations.

Diversity

Lexmark values and respects the individual differences of our employees, customers and business partners and is committed to achieving diversity in our global workforce. We believe that a diverse workforce provides a better place to work for our employees and a competitive business advantage for our company. The company seeks out and implements programs designed to foster mutual respect and achievement of personal success, striving for individuals to reach their full potential.

Environmental Responsibility

Lexmark works diligently to develop and implement industry-leading environmental practices that relate not only to our products, but to everything we do, everywhere in the world. We focus these efforts through the Lexmark Environmental Program, which has three main areas of concentration:

- The way we design our products and services.
- The way we manage resources.
- The way we live and work.

Health and Safety

Lexmark endorses the principle that the quality of products and services, the consistency of production and the morale of our employees are enhanced by a safe and healthy work environment. Lexmark maintains health and safety programs for its facilities around the world and assists our first-tier suppliers in developing programs appropriate to their facilities.

Human Rights and Labor Standards

Lexmark is committed to upholding the human rights of workers and to treating them with dignity and respect as understood by the international community. We adhere to and recognize the critical importance of standards regarding freely chosen employment, child labor, discrimination, harsh or inhumane treatment, minimum wages, working hours and freedom of association.

Supplier Requirements

Lexmark works with our suppliers to ensure that they treat their workers and employees fairly and with dignity and respect, maintain safe working conditions and conduct manufacturing activities in an environmentally safe and responsible manner.

This statement and the principles upon which it is based were developed with guidance from many sources, including but not limited to the Global Reporting Initiative's Sustainability Reporting Guidelines, the Electronic Industry Code of Conduct and the U.N. Global Compact.

In addition to adhering to the above requirements and standards, Lexmark does not tolerate retaliation against anyone who reports in good faith through the appropriate channels a suspected violation of any provision of the above statement.

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ENVIRONMENTAL AND SOCIAL JUSTICE POLICY

Lexmark International's commitment to environmental justice and corporate social responsibility is simple and clear: we constantly strive to develop responsibly designed products and to set high standards across all areas of operation. We are good corporate citizens, serving both our employees and our neighbors with the dignity and respect they deserve. Our commitment is proven through the following:

- The way we design our products and services.
- The way we manage resources.
- The way we live and work.

We envision that Lexmark should always be associated with a respect for human rights, safe work conditions and environmentally sound business practices for our own organization and for those with whom we partner.

The fundamental principles of the policy are as follows:

1. Lexmark is committed to acting as a socially responsible company in the global community. We will fully comply with both the letter and the spirit of the laws, rules and regulations of the countries and communities in which we operate.
2. Our operations include high standards of environmental performance to minimize environmental impact. We will continually monitor those standards and seek ongoing improvement.
3. As we modify, develop or acquire facilities, we will incorporate environmental justice issues into those processes. We will strive to minimize our environmental footprint wherever we operate.
4. We will maintain open and transparent communications with all stakeholders in our operations, including stockholders, customers, employees and governments so that they may contribute to our environmental justice success.

5. We will respect the rights and dignity of our employees, offering safe working conditions and environmentally sound business practices. We recognize the critical importance of standards regarding freely chosen employment, child labor, discrimination, harsh or inhumane treatment, minimum wages, working hours and freedom of association. We expect our business partners to do the same.
6. We will strive to understand and respect the cultural values wherever we operate. Lexmark will be a good corporate citizen and a good neighbor.
7. We will operate under a clear and strong code of ethics at every level of the company. All employees are expected to understand how they are to conduct business.
8. Diversity reflects our commitment both as a company and as individuals to embrace and apply the wealth of backgrounds, nationalities, cultures, experiences and viewpoints of our employees, customers, suppliers and business partners in pursuit of customer satisfaction and business success.

This policy is fundamental to Lexmark's business practices and vision. Every executive, manager and employee is expected not only to understand the policy but to act and make decisions based upon the policy and to conduct themselves in a manner consistent with this policy. Each person is also expected to help continually improve both performance and standards.



Paul A. Rooke

*Chairman and Chief Executive Officer
Lexmark International, Inc.*

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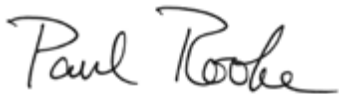
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CORPORATE ENVIRONMENTAL, HEALTH AND SAFETY POLICY

Lexmark is committed to sustainable excellence in all our business activities, products and services. Through continual improvement in our environmental, health and safety programs, Lexmark is committed to the following:

- Being an environmentally responsible provider of high-quality products and services.
- Being a good environmental steward by preserving and protecting our natural resources and practicing pollution prevention.
- Being a responsible neighbor and employer, committed to compliance with relevant environmental, safety and health regulations as well as laws and other criteria to which Lexmark subscribes.
- Being a provider of safe and healthy workplaces.

Lexmark senior management is responsible for this policy and its scope, for communicating it and for ensuring its implementation. Lexmark managers are responsible for integrating these commitments into their decision-making processes and their operational practices with objectives to measure and improve performance. All employees are expected to conduct themselves in a manner consistent with this policy.



Paul A. Rooke

*Chairman and Chief Executive Officer
Lexmark International, Inc.*

CLIMATE CHANGE POLICY

Our corporate values include those of corporate citizenship and a long-term perspective. These values extend to the Lexmark climate change policy: we seek to act in a manner that respects the global community today and in the future.

Lexmark and our subsidiaries recognize that climate change and water resources are issues of global concern. We believe that the most effective solutions can be developed through the collaborative efforts of public entities and private organizations, governing bodies and nongovernmental agencies, and enterprises and private citizens. At Lexmark, we are committed to participating in climate change dialogues with all stakeholders. We are also committed to collaborative efforts that reduce greenhouse gases and other emissions and that conserve water and other natural resources. Through water-conservation and energy-efficiency programs and design standards, Lexmark strives to reduce the environmental impacts not only of our operations, but also of our products, our suppliers and our partners. We conduct regular efficiency audits of our own facilities and encourage our suppliers and partners to assess their use of energy and water resources.

Lexmark is transparent in our communications that are related to the environment and climate change. On a regular basis, we publicly disclose emission statistics, quantifiable goals and progress reports. The Lexmark sustainability principal drives the implementation of our climate change policy.

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HUMAN RIGHTS POLICY

Lexmark International, Inc. and its subsidiaries (“Lexmark”) work with suppliers, partners and customers in over 170 countries. Lexmark is committed to protecting the rights of our employees and those of our suppliers and partners by complying with the local laws in each geography. Lexmark upholds and respects international human rights standards as reflected in The Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work (ILO) and the Organisation for Economic Co-operation and Development for Multinational Enterprises (OECD). Our support for these standards/principles is embedded in our Code of Business Conduct, our position on labor relations and our employment practices. All of our business operations as well as partner and supplier relationships are guided by these principles. We inspect for compliance through our management processes including operations reviews, risk management and internal audit

Our People

People are at the core of any successful enterprise. Lexmark’s first priority is the health and safety of our employees around the world. We apply employee health, safety and emergency preparedness standards that meet or in most cases exceed regulatory requirements. We strongly believe that every employee should be treated with respect and dignity. We are committed to protecting workers’ rights including minority groups and women, as well as the rights of indigenous peoples. Our employee Code of Business Conduct and human resources practices reflect our firm

commitment to providing a workplace that is safe, inclusive and ethical. Lexmark respects freedom of association and freely-chosen employment. There is no forced labor, prison labor and/or indentured labor, or child labor. All employees must meet the minimum age requirement set by local laws. We provide fair performance-based compensation and offer opportunities for our employees to build rewarding careers. The benefits and assistance we offer as an employer are aimed at helping our people have a healthy work-life balance. Lexmark continually strives to create an environment free from discrimination of minority groups and women. We do not tolerate harassment or discrimination and actively support the anti-discrimination laws and regulations of every nation, state and city in which business is conducted. All employees are provided information and ongoing training on topics such as employee equal opportunity and workplace harassment; they must also sign off on the Code of Business Conduct. Employees are required to take annual training, where required by law. Lexmark respects and protects human rights. There are processes in place to identify, monitor, prevent and mitigate human rights abuses. These processes are created to enable accountability and remediation when needed.

Our Supply Chain and Distribution Channels

Lexmark references the Electronic Industry Citizenship Coalition Code of Conduct® (EICC) to set standards for our vendors throughout our supply chain. The EICC Code of Conduct covers ethics, environmental conditions, labor standards and worker health and safety. The EICC Code of Conduct is based on unrecognized standards and principles including the ILO and the United Nations Universal Declaration of Human Rights while maintaining a focus on our industry and applicable local laws and regulations.

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CSR POLICIES & LEADERSHIP

Lexmark's high standards for human rights and sustainable business practices are manifested in our supplier and partner relationships not only in the manufacturing of Lexmark products but also in the sourcing of supplies that carry the Lexmark brand name. In addition, parties that conduct business on our behalf by selling and servicing Lexmark technology are expected to manage their businesses with the same high ethical standards and respect for human rights.

Our Communities and Stakeholder Engagement

Corporate citizenship and respect for human rights extend into the communities where Lexmark employees live and work and where our brand is represented and visible. We respect laws, customs and the highest standards of labor practices in the countries in which we operate, ensuring alignment with our own standards and Code of Business Conduct, which meets or exceeds the requirements dictated by local laws and regulations. We are committed to engaging with stakeholders in those communities to ensure that we understand and are taking their views into account as we conduct our business.



Jeri L. Isbell

*Vice President, Human Resources and Corporate Communications
Lexmark International, Inc.*

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GOVERNANCE & EXTERNAL ENGAGEMENT

CORPORATE GOVERNANCE

Lexmark is governed by a 12-member board of directors, consisting of 1 executive and 11 independent, nonexecutive directors. The board is chaired by CEO, Paul Rooke. For additional information about governance, see



the Lexmark [Form 10-K](#) and [proxy statement](#). For additional information about the board composition and qualifications, see our [Investor Relations](#) page.

BOARD OF DIRECTORS STRUCTURE

In 2013, the board of directors and the shareholders of Lexmark approved an amendment to Lexmark's Restated Certificate of Incorporation to declassify the board of directors. Pursuant to such amendment, directors elected for three-year terms at the Company's Annual Meeting of Shareholders in 2012 and 2013 will serve the remainder of their three-year terms. Beginning with the 2014 Annual Meeting of Shareholders, Director nominees will be elected for one-year terms rather than three-year terms.

COMMITMENTS TO EXTERNAL ENGAGEMENT

Lexmark engages with stakeholders including customers, employees, shareholders, communities, governmental agencies and non-governmental organizations (NGOs). We engage with these because we want to participate in the industry and public policy discussions led by these organizations and take advantage of those collective resources. We engage with these groups in meetings and by participating in and leading committees, conference calls, and electronic communications. Topics that have been discussed in the past year include standards and regulations that affect product design, as well as federal reporting requirements. Lexmark engages in public policy and standards development through our involvement in industry coalitions and trade associations at the local, state, federal, and international level.

LEXMARK IS A MEMBER OF AND/OR ENGAGED WITH THESE GROUPS.

- Information Technology Industry Council (ITI)
- ITI Environmental Leadership Council
- Greater Lexington Chamber of Commerce
- The Nature Conservancy of Kentucky Corporate Sustainability Council
- University of Kentucky Center for Sustainable Manufacturing
- Duke University Center for Sustainability and Commerce
- National Arbor Day Foundation
- The Nature Conservancy
- United Nations Global Compact
- Manufacturing Leadership Council
- maquiladora association (INDEX Juarez)
- Lenexa Chamber of Commerce
- Shawnee Chamber of Commerce
- Greater KC Chamber
- Mid-America Gay and Lesbian Chamber of Commerce
- Kansas City Area Development Council
- The Technology Council of Greater Kansas City (KCnext)
- genKC
- Bundesverband Informationswirtschaft Telekommunikation (BITKOM)
- DIGITAL EUROPE
- Digital CSF organisation
- SFIB - Syndicat de l'industrie des Technologies de l'Information
- Australian Information Industry Association
- Employers & Manufacturing Association (Asia Pacific)
- MEZ Safety and Security Council Inc. (Philippines)
- Facilities and Environmental Organization (Philippines)
- Pollution Control Association of the Philippines. Inc.
- IT - BPO Tripartite Council (Dept. of Labor Organized) (Philippines)
- Official Safety and Health Network (Philippines)
- PMAP - Personnel Management Association of the Philippines
- U.S. Information Technology Office
- National Chamber of Commerce
- Australian Information Industry Association (AIIA)
- Business Imaging Association of Australia (BIAA)
- Information Technology Association of Canada (ITAC)
- American National Standards Institute (ANSI)
- Ecma International
- Association Connecting Electronics Industries
- European Imaging Association (EURIMAG) and
- Deutsches Institut für Normung (DIN)

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LEXMARK



ETHICAL BUSINESS PRACTICES

We believe that ethical behavior is critical to the Lexmark's vision, Customers For Life. All Lexmark employees are expected to adhere to the policies set forth in the Lexmark [Code of Business Conduct](#). The Code covers the following topics: personal conduct, conflicts of interest, accounting records, internal controls and audits, complying with laws and regulations, supplier relationships, customer relationships, information concerning others and corporate social responsibility.

All Lexmark employees—including executive management—are required to annually review and certify understanding of the Lexmark Code of Business Conduct. In 2013, nearly all regular, worldwide employees and managers (99 percent) acknowledged their understanding of the 2013 Code of Business Conduct confirming that they have, and will continue to, conduct themselves and Lexmark business in accordance with its requirements.

Lexmark offers targeted anticorruption and antibribery training courses that educate select employee groups about risks of corruption specific to their job functions.

The Code of Business Conduct is reviewed on an annual basis. Possible updates and employee review statistics are shared with the Lexmark Ethics Committee and the Corporate Governance Committee of the board of directors. All modifications to the Code of Business Conduct are reviewed and approved by the Ethics Committee.

Any officer, director, employee, agent, or stockholder acting on behalf of Lexmark who violates the Lexmark Code of Conduct can be subject to substantial government fines and/or imprisonment in addition to Lexmark disciplinary action including termination. Lexmark publicly reports infractions of the Business Code of Conduct that impact investors.

PREVENTING CORRUPTION

Both Lexmark business units (Imaging Solutions and Services and Perceptive) are regularly analyzed for risks related to corruption. Corruption risk factors are considered in the formation of the Lexmark internal audit plan, which is reviewed by the Finance and Audit Committee of the Lexmark board of directors on an annual basis. The Company has designed and adopted employee and supplier codes of business conduct that help to mitigate these risks. A formal risk assessment focused on corruption is included in our Lexmark audit plan. The audit plan is reviewed and approved by the Finance and Audit Committee of the Lexmark board of directors on an annual basis.

Lexmark has a zero-tolerance policy towards bribery and corruption that applies to Lexmark employees and business partners. Lexmark terminates business relationships with business partners that operate in an unethical manner. Lexmark recently terminated its relationship with an electronic component manufacturer after discovering that the company violated an environmental regulation and refused to take the required corrective actions. Incidents of corruption involving Lexmark employees are reported to Lexmark's Ethics Committee and to the Finance and Audit Committee of the Lexmark board of directors. No legal cases regarding corrupt practices were brought against Lexmark or our employees during 2013.

All allegations of employee corruption and/or fraud are thoroughly investigated by the appropriate business unit in collaboration with Human

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Resources, Internal Audit, and the Lexmark Legal Department. Results of such investigations determine disciplinary action and whether the incident requires investigation by outside agencies and formal charges.

While incidents of corruption are infrequent, they do occur. In accordance with the Lexmark zero-tolerance policy toward bribery and corruption, Lexmark decided to dismiss certain employees during the reporting period based on nonsystemic, personal-level incidents of fraud or dishonesty.

PREVENTING ANTICOMPETITIVE BEHAVIOR

Lexmark supports efforts to preserve and foster fair and honest competition in a competitive market system. We take care to ensure that our business practices do not violate competition laws (also known as antitrust, monopoly, fair trade, or cartel laws) that prohibit business practices that unreasonably restrict the functioning of the competitive system.

Lexmark was a defendant in one pending anticompetitive behavior lawsuit during the reporting period. In federal court litigation, Static Control Components, Inc. has alleged that Lexmark engaged in anticompetitive behavior in violation of federal and state laws. The courts have not rendered any decision on the merits of these claims. Lexmark denies the allegations and is actively defending itself in court. For additional information, see the Lexmark [10-K](#) form.

MONETARY FINES

As a result of the Lexmark commitment to ethical business practices, Lexmark has not been subject to any significant fines or nonmonetary sanctions for noncompliance of laws and regulations related to accounting fraud, workplace discrimination, or corruption during this reporting period.

GIFT AND GRATUITY POLICY

The Lexmark Gift and Gratuity Policy states that no Lexmark employee or member of his or her family may accept a gift or gratuity from a supplier or prospective supplier unless it is of nominal value (no more than \$25). Cash gifts of any kind are prohibited.

VISIONS AND VALUES

Our employees have defined our vision and values. We live these concepts every day. More than mere words, these statements are truly a framework for how we operate. [Click here](#) to learn more about our vision and values.

ETHICS HOTLINE

The Lexmark Ethics Line (1-866-477-2029) is a 24-hour, international toll-free telephone number established to assist Lexmark employees with questions about the Code of Business Conduct or concerns that something improper has occurred or might be occurring. A third-party provider operates the Ethics Line. The third-party providers of the telephone lines are prohibited from providing a caller's identity to Lexmark without the caller's permission. Calls are reported to Lexmark for investigation and reviewed by Lexmark senior management.

CONTACT FOR FINANCE AND AUDIT COMMITTEE

The Lexmark contact line (1-866-484-7895) for the Finance and Audit Committee of the board of directors is a 24-hour, international toll-free telephone number for employees to anonymously question accounting or auditing matters, or possible unethical or illegal conduct to the Finance and Audit Committee. A third-party provider operates the contact line. The third-party providers of the telephone lines are prohibited from providing a caller's identity to Lexmark without the caller's permission. Call information is forwarded to the Finance and Audit Committee for review and further investigation.

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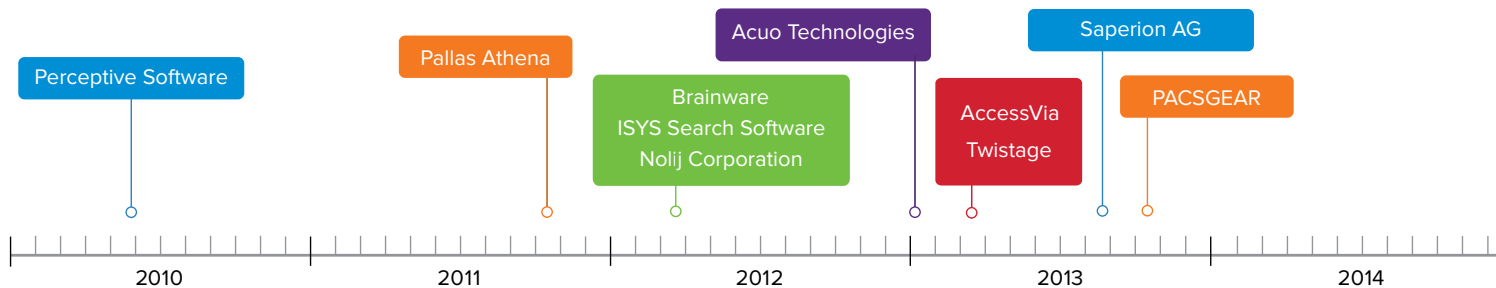
Any business must position itself to thrive well into the future. The same long-term perspective that ensures our continued success also drives our keen interest in sustainability. Forces like climate change, natural resource depletion and human rights can have a material impact on our ability to conduct business in an increasingly interconnected world.

Investors today seek companies who understand the diverse set of risks in their business and who are proactive about addressing them. At Lexmark we go beyond typical risk mitigation. We not only seek a thorough awareness of the world in which we operate, we also strive to make it a better place. This is deeply infused in our corporate culture, and we are a stronger company for it.

Lexmark is committed to delivering shareholder value to our investors. Our focus on environmental sustainability yields significant operational efficiencies. By reducing waste in all its forms, we can pass more value on to our shareholders.

SIGNIFICANT INVESTMENTS – ONGOING COMMITMENT TO HUMAN RIGHTS

From 2010-2013 Lexmark has participated in ten significant, non-traditional investment agreements involving our recent acquisitions: Perceptive Software, Pallas Athena, Brainware, ISYS Search Software, Nolij Corporation, Acuo Technologies, AccessVia, Twistage, SAPERION AG, and PACSGEAR. In each case, we specified human-rights clauses prohibiting investments in companies that discriminate based upon race, color, religion, gender, sexual orientation, gender identity, national origin, disability, age or veteran status.



FINANCIAL TRANSPARENCY

To ensure full financial transparency, the Lexmark Investor Relations page provides a range of information about the financial performance and market presence of our companies.

GOVERNMENT ASSISTANCE AND PRESENCE IN SHAREHOLDING STRUCTURE

Lexmark received no significant financial assistance from the U.S. or any other government in 2013. No government is part of Lexmark's shareholding structure.

INDIRECT ECONOMIC IMPACTS

Lexmark's presence has positive impacts on the economies that surround our global locations. We provide competitive employee compensation, use local resources and hire the majority of our employees from surrounding communities.

A significant portion of Lexmark employees—including those in the United States, Mexico and the Philippines—work in locations that have minimum-wage rules. Lexmark is committed to rewarding our employees for their hard work. Lexmark and its subsidiaries worldwide offer salaries and benefit plans that are highly competitive; and compensation plans are frequently benchmarked to ensure that we remain competitive. By maintaining favorable salaries and benefits, we attract and retain employees. Moreover, providing above-average employee compensation has a favorable economic impact on the markets in which we do business.

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RECENT RECOGNITION



100 Best Corporate Citizens List

Lexmark ranked 35th in CR Magazine's 15th annual listing. This is the fourth consecutive year that Lexmark has been selected for inclusion in this publication that recognizes top performance of public companies in the US. Ratings are based on disclosure and performance data from publicly available information in Environment, Climate Change, Human Rights, Employee Relations, Corporate Governance, Philanthropy and Finance.



UN Global Compact 100

Lexmark has been selected for inclusion in its first global stock index that combines corporate sustainability and baseline financial performance. GC100 was developed by United Nations Global Compact in partnership with research firm Sustainalytics.



Top ten most Trustworthy public Companies list

Trust Across America™ named Lexmark to its Top Ten Most Trustworthy Public Companies list. Over 2000 public companies were screened on five primary indicators of trustworthiness: financial stability, accounting conservativeness, corporate governance, transparency and sustainability.



Manufacturing Leadership 100 Awards

Lexmark received two awards in Supply Chain Leadership and one in Customer Value Leadership.

Manufacturing Leadership 100 Award for Sustainability

Lexmark was awarded for Sustainability, Innovation and Operational Excellence. The Sustainability award was due to the innovative process that converts the company's own waste paper into new molded pulp cushions for packaging toner cartridges.



ESR distinctive

Lexmark was awarded ESR distinctive by Centro Mexicano para la Filantropía, A.C. (CEMEFI), a Civil Association founded in 1988 whose mission is to provide and articulate a committed and social responsible philanthropic participation to achieve through its citizens, social organization and enterprises a more equal and prosperous society.

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CSR RECOGNITION



Bicycle Friendly Business award - Silver

The League of American Bicyclists recognized Lexmark with a Silver award for leading America toward a greener future.



Best Places to Work 2014

Lexmark received a perfect score of 100 on the Corporate Equality Index by The Human Rights Campaign Foundation for commitment to equality in the workplace resulting in inclusion in their annual listing.



Top 25 Southeastern Sustainable Companies

The Southeastern Corporate Sustainability Rankings is a combination of rigorous strategy, analytics and world-class design, and provides a reliable, cross industry framework for comparing the performance of major companies that are committed to sustainability.



Alfred P. Sloan Award for Excellence in Workplace Flexibility

When Work Works selected Lexmark due to the flexible work-life balance program offering.

Kansas City's Top Companies

Perceptive is listed in KC Magazine as Kansas City's Coolest Company attributed to their "work hard, play hard" attitude. The company has experienced continued growth and promotes a great balance of work and leisure.



RobecoSAM Sustainability Award - Bronze Class 2013

Lexmark is recognized as a sustainability leader in the Computer Hardware & Electronic Office Equipment sector with a Bronze class distinction in its annual Sustainability Yearbook.

Colorado Environmental Leader Program (ELP) Gold Leader Award

Lexmark was selected due to many environmental achievements such as reductions in VOC emissions, hazardous waste and energy conservation efforts.



Best Global In-house Center of the Year

International ICT Awards Philippines

Top 100 Sustainable Companies List

IAIR – Global Economy & Sustainability® selected Lexmark in their listings.

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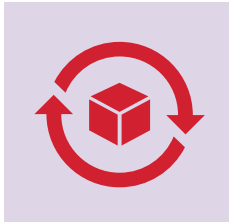
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RISKS, OPPORTUNITIES & IMPACTS

The Lexmark social and environmental impacts are divided into three focus areas and are addressed by corresponding initiatives: product initiatives, operational initiatives, and community initiatives.

PRODUCT INITIATIVES



Product initiatives relate to the environment and social benefits of the solutions we develop. These solutions help our customers reduce their environmental footprints, meet the accessibility needs of their workforce, and operate in a more responsible manner.

OPERATIONAL INITIATIVES



Operational initiatives are all the things we do to reduce our own environmental footprint at Lexmark facilities and to make Lexmark a better employer and business partner through commitments to human rights and fair labor practices.

COMMUNITY INITIATIVES



Community initiatives are all the things we do to environmentally and socially improve the communities in which we live and work.

At Lexmark, we first make sure that we are complying with local statutes wherever we have operations. Then, we balance and prioritize our approach by assessing what needs to be done and how best to do it to meet the needs of all stakeholders as completely as possible. We continue to make significant strides in these focus areas.

For product initiatives, we continue to develop product features and solutions that offer our customers opportunities to reduce the environmental impact of their printing and imaging activities. These efforts are validated by third-party certifications, including the Electronic Product Environmental

Assessment Tool (EPEAT®), which is a method for consumers to evaluate the affect of a product on the environment. (For more information, go to www.epeat.net)

For operational initiatives, we made great progress reducing the environmental impacts of our Lexmark operations. Lexmark has become more proficient at using the collaboration intranet system, conference calls, webinars and video conferencing. These tools have been utilized worldwide and have enabled global conversations and increased productivity.

For community initiatives, we prioritized our corporate community focus on initiatives that support STEM (science, technology, engineering, and math) education improvement and promote diversity. By concentrating Lexmark's resources on improvements in these areas, we have made significantly more progress than with a focus on a broader range of issues. Also, as Lexmark acquires more companies, we focus on learning from these new communities we now share and look for opportunities to combine corporate and community resources to create stronger and more effective community programs.

In 2014 and beyond, we will look for opportunities to strengthen the environmental and social benefits of our product offerings, improve the efficiency of our operations, and deliver more positive benefits to the communities where we live and work.

RISKS AND OPPORTUNITIES

Corporate social responsibility (CSR) trends have driven Lexmark to evaluate the potential of physical risks and regulatory restrictions for our business and to consider potential opportunities to enhance and capitalize on our product offerings. Through this due diligence, we can help our customers achieve their own environmental sustainability and social responsibility goals. The most important risks and opportunities for Lexmark that are related to sustainability trends (a number of which are noted in our annual SEC filings) include the following:

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RISKS, OPPORTUNITIES & IMPACTS

1. Environmental and Regulatory Matters

Lexmark operations are subject to numerous laws and regulations, specifically those relating to environmental matters that impose limitations on the discharge of pollutants and that establish protocols for the treatment, storage, and disposal of solid and hazardous wastes. For more information about the impacts of Lexmark regulatory topics, see Lexmark [Form 10-K](#).

2. Electronic Waste Obligation

The Waste Electrical and Electronic Equipment (WEEE) Directive issued by the European Union require producers of electrical and electronic goods to be financially responsible for specified collection, recycling, treatment, and disposal of past and future covered products. Our estimated liability for these costs involves a number of uncertainties, and we consider certain assumptions and judgments that include average collection costs, return rates, and product life cycles. Should actual costs and activities differ from our estimates, revisions to the estimated liability might be required. For more information about the impacts of waste, see Lexmark [Form 10-K](#).

3. Climate Change

The predictions about the impacts of climate change have led lawmakers across the globe to take a precautionary approach, proposing and implementing new regulations to guide governments, businesses, and citizens in their efforts to reduce global warming. These regulations can potentially impact all businesses. Regulations requiring energy reductions are motivating consumers and businesses to replace wasteful equipment with energy-efficient products. Lexmark recognizes that reducing energy use is one of the most effective ways to reduce greenhouse gas emissions, a major contributor to climate change. Lexmark environmental policies and programs support the reduction of greenhouse gases in our own operations and those of our customers, partners, and suppliers.

Climate change and associated weather disruptions can affect the operations of all organizations. Our operations and those of our manufacturing partners, suppliers, and freight transporters are subject to natural and man-made disasters, such as earthquakes, tsunamis, floods, hurricanes, typhoons, fires, extreme weather conditions, environmental

hazards, power shortages, water shortages, and telecommunications failures. Any of these conditions can disrupt business and can adversely affect our revenue and financial condition by increasing our costs and expenses. As Lexmark continues to consolidate certain functions in shared service centers and moves other functions to countries with lower-cost labor, the probability and impact of business disruptions might increase over time. For each of its sites, Lexmark has a business continuity plan that describes the risks of climate change. For more information about the impacts of operational risks, see Lexmark [Form 10-K](#).

4. Product Opportunities

Lexmark offers a wide range of environmentally beneficial and highly accessible imaging devices and software solutions that help customers print less and meet the accessibility needs of their workforces. Demand for such products and solutions can have a positive financial impact for Lexmark.



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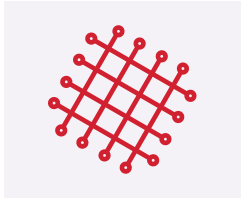
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KEY PERFORMANCE INDICATORS

MATERIALS



Objective:

Reduce overall use of virgin materials in products.

Target:

The current Lexmark printer product line contains an average minimum of 10 percent by

weight of postconsumer (PCR) plastic of the total plastic components.

Progress:

The latest Lexmark printers are qualified to contain a PCR content of up to 40 percent by weight of the plastic components.

CLIMATE CHANGE



Objective:

Reduce greenhouse gas emissions

Target:

Lexmark aims to reduce greenhouse gas emissions by another 15 percent between 2013 and 2020. Our new 15 percent goal for 2020

would result in reducing our cumulative emissions since 2005 by significantly more than half (53 percent).

Progress:

Lexmark reduced its total greenhouse gas emissions by 10 percent from 2012 through 2013. This is a significant result as we have been aggressively driving down GHG emissions for many years. Our cumulative reductions since 2005 are now 45 percent.

WATER



Objective:

Conserve and reuse water.

Target:

We aim to reduce our water usage by another 15 percent by 2020. Achieving this goal will mean that in just 15 years Lexmark will be reducing its

water consumption by 58 percent.

Progress:

Since our baseline year of 2005, we have now cut our water usage by a full 50 percent. With this result we have well exceeded our 2017 goal so starting this year we are setting a new, aggressive target. This plan continues to drive our actions toward achieving more significant, controllable and sustained reductions in water usage going forward.

WASTE



Objective:

Minimize waste

Target:

Lexmark has three long-term, waste management goals for the corporation:

1. Maintain a minimum of 75 percent recycling rate for waste generated.
2. Achieve a 30 percent increase in hardware collection and recycling by 2014 as compared to baseline year 2007 per unit sales.
3. Expand coverage of the Lexmark Equipment Collection Program.

Progress:

1. Achieved an 80 percent recycling rate for waste generated in 2013.
2. Increased by 58 percent hardware collection per unit sales compared to the 2007 baseline.
3. Increased the Lexmark hardware collection rate per unit of sales in 2013 by expanding coverage of electronic recycling programs in Canada.

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KEY PERFORMANCE INDICATORS

SUPPLIES



Objective:

Reduce the environmental impact of our supplies.

Target:

1. Increase the postconsumer recycled (PCR) plastic percentage to 25 percent by 2016.
2. Increase the cartridge material by weight through our collection program to 50 percent by 2018.

Progress:

1. Lexmark's toner cartridge product line currently contains an average of 10 percent by weight of PCR plastic.
2. In 2013, approximately 32 percent of the cartridge materials by weight returned were reused.

ENERGY



Objective:

Conserve energy (reduce use of fossil fuels).

Target:

Our new 15 percent goal for 2020 would result in reducing our global energy consumption by more than HALF (51 percent) since 2005.

Progress:

In 2013 we again made significant strides in our 12-year, 20 percent conservation goals. In fact, we have now over-achieved our electricity goal 4 years ahead of schedule.

Target:

Optimize Lexmark's product transportation system.

Progress:

In 2013 we contained the impact of emissions associated with product transportation (scope 3 emissions) to 6 percent of our total—a 37 percent reduction since 2005.

SUPPLY CHAIN



Objective:

Increase focus on sustainability throughout the supply chain.

Supplier Diversity

Target:

Diversity Supplier spend greater than \$40 million.

Progress:

Lexmark recruited certified minority companies to increase the diversification of our global suppliers. Achieved \$53 million spend on certified minority companies in 2013.

Supplier Locations

Target:

Regionally Sourcing 80 percent of our supplies by 2017.

Progress:

Lexmark improved processes, opened new production sites and reduced costs. Achieved 50 percent of supplies manufactured in the region of consumption in 2013.

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Our Operations



For Lexmark, being a **responsible neighbor, employer and global corporate citizen** is woven into everything we do. It's part of who we are as individuals and as a corporate community.

Years ago we adopted a key strategic focus and sustainability model driven by our vision, Customers for Life, which can be summarized by a simple slogan: "Print Less, Save More." Coming from a long-time printing company this may sound strange, but to us it makes perfect sense. Lexmark drives efficiency in our customers' hard copy and workflow environments. It is that efficiency which our customers value, and it fuels our ongoing business growth.

This approach is also designed to significantly benefit the environment by reducing the total number of pages printed. It's a harmonization of goals. It's good for our customers, good for Lexmark, and good for the environment.

With many of the world's largest corporations as Lexmark customers, the extended impact of Lexmark's commitment to the environment can be measured by the billions of pages not printed by our customers directly due to Lexmark's technology and business approach.

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Lexmark is committed to proactively addressing global environmental issues not only with broad, corporate-wide initiatives, but also with hundreds of smaller local activities that have significant cumulative effects. We have dedicated significant resources to reduce the environmental impact of our operations and to develop products with environmentally beneficial features. In the past three years alone (2011-2013), Lexmark has dedicated more than \$1 Billion USD to research and development. A portion of those funds has been used to develop energy efficiency features for our devices, print less solutions, and other features that reduce the environmental impact of print environments. Lexmark has also spent millions of dollars upgrading facilities to make more efficient use of natural resources and energy.

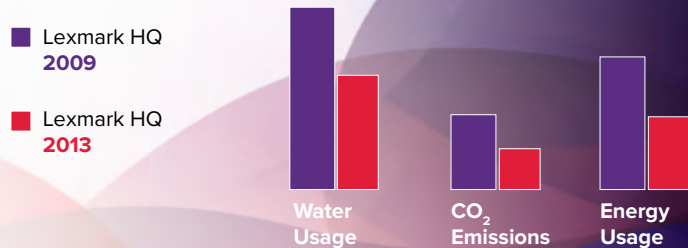
Our talented and committed people make the difference and through them, Lexmark has become a leader in environmental stewardship, product design, and efficient operations.

Lexmark has helped many customers reduce the environmental impact of their printing while reducing cost. We also have reduced our own paper consumption over the last 5 years by over 50 percent.

Lexmark not only encourages cartridge recycling, we take the extra steps necessary to close the loop. We collect the cartridges ourselves, recycle them in our own facility, and then feed the raw materials back into our new production. And our state-of-the-art facility in Mexico was the first manufacturing facility in the country to achieve LEED-Gold certification.

In addition, the Lexmark Center for Children in Lexington, Kentucky was also recently recognized with LEED Gold certification and our new facility under construction in Lenexa, Kansas is LEED registered.

Environmental Savings from Print Infrastructure Optimization



Represents actual Lexmark HQ progress

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ENVIRONMENTAL SUSTAINABILITY

CENTER FOR CHILDREN

Solar tubes, skylights and rain gardens are a few of the many sustainable features built into the Lexmark Center for Children. The center was so well designed and built, it has been recognized with a prestigious environmental certification.

The U.S. Green Building Council has awarded the Lexmark Center for Children gold certification for Leadership in Energy and Environmental Design (LEED).

“In seeking to create a fresh, innovative approach to corporate childcare, the design team focused on healthy environments featuring sustainable systems and building solutions,” said Matthew Spangler, lead architect from Hixson Architecture, the Cincinnati firm that designed the center. “LEED certification was a natural fit for the project.”

The LEED rating system is an internationally recognized green building certification and the most widely used in North America. Lexmark met requirements in each of the LEED categories with such features as:



Sustainable sites

- Three rain gardens capture, filter and release rainwater falling on the site
- Regionally appropriate, climate-tolerant landscaping requires no ongoing irrigation once established

Water efficiency

- Low-flow fixtures and faucets (touchless, water-efficient plumbing fixtures help educate children about water conservation from an early age)

Energy and atmosphere

- An integral package of high efficiency heating and cooling units, LED light fixtures, solar lighting, and a well-insulated and sealed building enclosure will yield a 36 percent reduction in energy consumption (over a similar baseline building)
- Purchased 354 Renewable Energy Credits (equal to 354 MWh of energy) on behalf of the project. This is the total REC purchases by Lexmark

Materials and resources

- 30 percent regional materials
- 25 percent recycled materials
- 85 percent of project wastes diverted from landfills
- 70 percent Forest Stewardship Council wood

Indoor environmental quality

- Low volatile organic compound-emitting carpets, paints and adhesives
- Composite woods (low formaldehydes)

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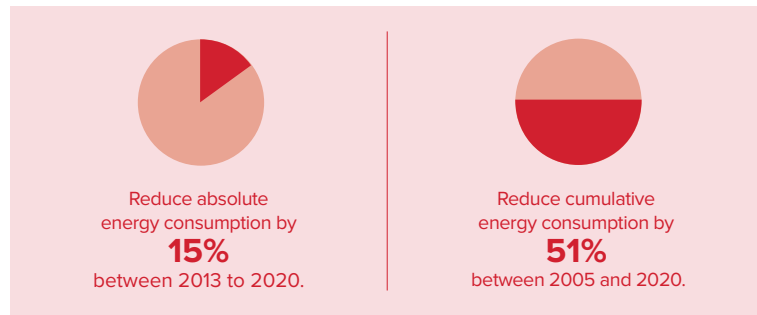
ENERGY CONSUMPTION

Lexmark is committed to reduce the consumption of natural resources at all our leased and owned manufacturing facilities, research and development facilities, and office spaces worldwide.

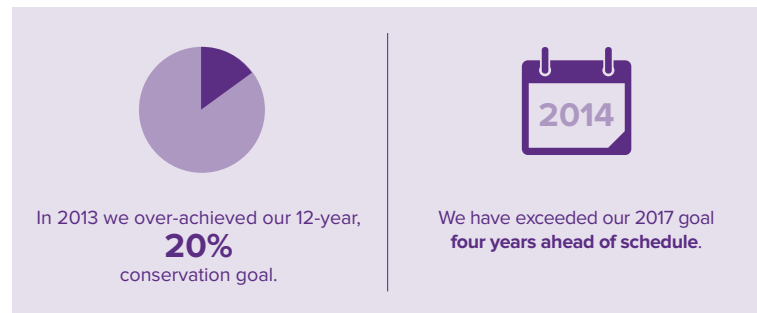
In 2013 we again made significant strides in our 12-year, 20 percent conservation goals. In fact, we have significantly over-achieved our energy reduction targets 4 years ahead of schedule. In the spirit of continual improvement, we are establishing a new goal to reduce our consumption even further. With a new starting point of 2013, we are challenging ourselves to achieve another 15 percent reduction in energy, by 2020.

Our new 15 percent goal for 2020 would result in reducing our global energy consumption by more than HALF (51 percent) since 2005.

LEXMARK GOAL



LEXMARK PROGRESS



LEXMARK WORLDWIDE ENERGY EVOLUTION: ON THE PATH TO A MORE SUSTAINABLE FUTURE

Since 2005, substantial changes have been undertaken to improve Lexmark's operating efficiency. While adding fifteen new operating sites, Lexmark also vacated four sites (Juarez Mexico inkjet plant, Boigny France, Rosyth, Scotland, and Chihuahua Mexico) and recently sold the inkjet cartridge facility in Mactan Island, Philippines to Funai Electric Co., Ltd. Lexmark's evolution to a less energy-intensive imaging solutions and software provider has also reduced utilities consumption and our environmental footprint.

Other significant facilities projects at headquarters include: upgrades to smart building management controls, installation of frequency drives on air handling unit motors, installation of energy efficient state-of-the-art chillers, increased insulation on steam piping systems, a new smaller summer boiler for steam, and lighting replacements including more efficient T8 fluorescent and LED lighting (Lexmark Center for Children and parking lots).

Lexmark also teaches employees about energy-wasting habits, such as the use of space heaters, personal refrigerators, and personal printers. The campaign encourages employees to use more energy-efficient practices.

ELECTRICITY – LEXMARK'S INDIRECT ENERGY SOURCE

Lexmark operations make use of only one indirect energy source (the driver of Lexmark's Scope 2 emissions)—electricity. Electricity used at Lexmark facilities is primarily purchased from local energy providers from local grids.

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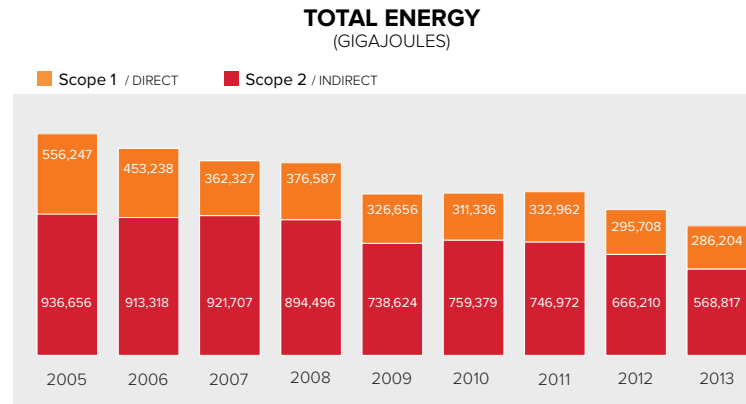
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The electricity supplied by local power companies is generated with a variety of nonrenewable and renewable primary-energy sources, including coal, nuclear energy, solar power, wind power, geothermal energy, and hydropower. In addition, our Boulder Colorado facility used approximately 230,184 Kilowatt hours of wind power purchased for our site in 2013.

In 2005, Lexmark's worldwide power consumption was 260,182,159 kilowatt hours. In 2013, consumption has been reduced to 158,004,766 kilowatt hours, a 39 percent reduction.



TOTAL ENERGY - ENTERPRISE LEVEL

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Scope 1 and Scope 2 (Gigajoules)	1,492,903	1,366,556	1,284,034	1,271,082	1,065,480	1,070,715	1,079,934	961,918	855,021

NORMALIZED TOTAL ENERGY ENTERPRISE LEVEL

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Scope 1 and Scope 2 (Gigajoules/\$M revenue)	286	267	258	281	275	255	259	253	233

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TOTAL ENERGY FACILITY LEVEL

Scope 1 and Scope 2 (Gigajoules)	2007	2008	2009	2010	2011	2012	2013
Lexington, KY, USA	503,582	472,503	421,846	392,615	376,682	345,151	298,996
Boulder, CO, USA	269,503	279,824	227,301	253,184	266,134	252,666	264,734
Juarez, Mexico	132,805	234,805	184,336	186,097	193,800	193,780	190,125
Mactan Island, Philippines (Manufacturing)	154,553	175,615	154,578	161,930	131,220	88,944	22,583
Cebu City, Philippines (LRDC)	6,958	25,919	50,755	54,441	56,396	48,385	42,246
Shawnee, KS, USA	–	–	13,399	12,299	14,865	11,748	12,133
All Other	216,633	82,416	13,265	10,149	40,837	20,794	24,204

DIRECT ENERGY ENTERPRISE LEVEL

Scope 1	2005	2006	2007	2008	2009	2010	2011	2012	2013
(Gigajoules)	556,247	453,238	362,327	376,587	326,656	311,336	332,962	295,708	286,204

NORMALIZED DIRECT ENERGY ENTERPRISE LEVEL

Scope 1	2005	2006	2007	2008	2009	2010	2011	2012	2013
(Gigajoules/\$M revenue)	107	89	73	83	84	74	80	78	78

INDIRECT ENERGY (ELECTRICAL POWER) ENTERPRISE LEVEL

Scope 2	2005	2006	2007	2008	2009	2010	2011	2012	2013
(Gigajoules)	936,656	913,318	921,707	894,496	738,624	759,379	746,972	666,210	568,817

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NORMALIZED INDIRECT ENERGY (ELECTRICAL POWER) ENTERPRISE LEVEL

Scope 2	2005	2006	2007	2008	2009	2010	2011	2012	2013
(Gigajoules/\$M revenue)	179	179	185	197	190	181	179	175	155

INDIRECT ENERGY (ELECTRICAL POWER) FACILITY LEVEL

Scope 2 (Gigajoules)	2007	2008	2009	2010	2011	2012	2013
Lexington, KY, USA	309,767	284,237	254,764	234,243	221,832	210,576	175,529
Boulder, CO, USA	160,050	170,741	134,475	163,540	170,746	164,576	177,688
Juarez, Mexico	123,865	182,304	127,469	123,725	124,352	124,851	122,972
Mactan Island, Philippines (Manufacturing)	154,553	175,615	154,578	161,930	131,219	88,944	22,375
Cebu City, Philippines (LRDC)	6,958	25,814	49,808	51,943	48,397	46,636	39,857
Shawnee, KS, USA	–	–	13,399	12,299	14,768	11,455	11,470
Kolkata, India	–	–	–	–	13,883	6,467	6,427
All Other	166,514	55,785	4,131	11,699	21,775	12,705	12,499

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TOTAL DIRECT ENERGY CONSUMPTION BY NONRENEWABLE PRIMARY SOURCES

Nonrenewable fuels	MWh	Gigajoule
Natural gas	78,514	282,652
Diesel/gas oil	898	3,234
Distillate fuel oil no. 5	52	187
Propane	37	131

Renewable fuels	MWh	Gigajoule
Biofuel	0	0
Hydrogen	0	0

LEXMARK FACILITIES ELECTRIC FEES IN U.S. \$

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Lexington, KY, USA	\$4,070,027	\$4,195,167	\$4,360,743	\$4,474,127	\$4,090,691	\$3,885,094	\$3,630,255	\$3,331,600	\$2,963,377
Boulder, CO, USA	\$2,506,526	\$2,587,344	\$2,922,663	\$3,161,529	\$2,132,475	\$2,937,992	\$3,118,503	\$2,805,850	\$3,411,508
Juarez, Chihuahua, Mexico	\$3,127,604	\$3,754,986	\$3,368,984	\$4,056,250	\$2,428,823	\$3,781,609	\$4,108,643	\$4,071,831	\$3,848,812
Mactan Island, Philippines (Manufacturing)	\$2,775,750	\$3,195,519	\$3,947,355	\$4,532,433	\$4,471,661	\$5,301,522	\$4,581,230	\$3,379,369	\$910,868
Cebu City, Philippines (LRDC)	-	-	\$192,993	\$728,715	\$1,514,875	\$1,865,517	\$1,875,452	\$2,228,415	\$1,866,137
Shawnee, KS, USA	-	-	-	-	\$218,411	\$217,763	\$250,775	\$257,932	\$284,636
Kolkata, India	-	-	-	-	-	-	\$460,000	\$254,808	\$256,428
Maidenhead, England	-	-	-	-	-	-	-	-	\$259,660
Other	\$4,036,031	\$4,676,650	\$4,746,186	\$4,475,133	\$1,304,824	\$578,090	\$297,031	\$464,093	\$445,010
	-	-	-	-	-	-	-	-	-
TOTAL \$	\$16,515,938	\$18,409,666	\$19,538,924	\$21,428,187	\$16,161,760	\$18,567,587	\$18,321,889	\$16,793,898	\$14,246,436

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NATURAL GAS – LEXMARK’S MAIN DIRECT ENERGY SOURCE

Lexmark operations make use of several direct-energy sources in our operations (the driver of Lexmark’s Scope 1 emissions), specifically, natural gas, diesel fuel and propane. These nonrenewable energy sources are purchased from local vendors and then used to generate steam, power backup generators, and provide heat to certain Lexmark facilities. Lexmark does not currently use renewable direct-energy sources such as biofuels (for example, ethanol) or hydrogen. Lexmark does not produce renewable or nonrenewable primary energy sources for internal use or for external markets.

Natural gas consumption in 2005 at Lexmark’s worldwide locations was 14,545,424 cubic meters. In 2013, total consumption has been reduced to 7,579,394 cubic meters, a reduction of 48 percent. Much of this reduction is due to Lexmark headquarters improvements, optimizing total occupied space and eliminating our least energy efficient buildings. Our direct-energy consumption decreased by 3 percent from 2012 to 2013, as shown in the Direct Energy chart.

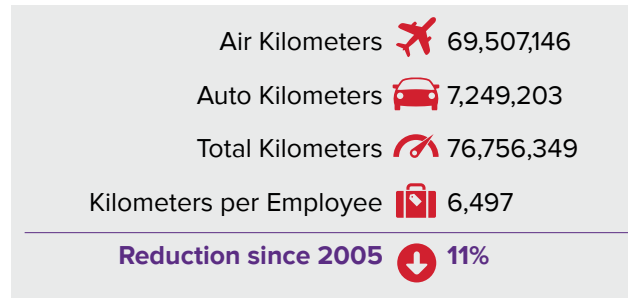
Using the World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol methodology, we track greenhouse gas emissions, as well as our use of natural gas, fuel oil, diesel, gasoline, and electricity.

OTHER ENERGY CONSUMPTION

Travel Related Energy Consumption

Our efforts to reduce energy consumption at Lexmark go beyond the walls of our facilities. As with most companies, our business needs frequently require some Lexmark employees to travel for face-to-face meetings with customers, partners, and coworkers, many of whom are separated by significant distances. We always encourage the use of lower-impact, real-time alternatives, such as conference calls, web-based meetings, and videoconferencing and have reduced our total travel distance by 11 percent since 2005. Integrating high-tech solutions not only saves energy, but also increases the frequency and quality of our communications. In 2013 Lexmark installed 19 new video conferencing end points at a cost of approximately \$1.7 million to help reduce travel.

KILOMETERS TRAVELED



Worldwide air travel by US employees / Lexmark owned and rented vehicles

When air travel is necessary, Lexmark sends only those employees who are absolutely essential to accomplish our business objectives. Whenever possible, employees are encouraged to optimize their travel itineraries by combining several business trips and taking public transportation, such as trains and buses, instead of taxis and rental cars.

Lexmark, in collaboration with our vehicle provider, tracks miles traveled with Lexmark-owned, -leased, and -rented vehicles in the United States and Europe. In collaboration with our travel agency, we track air travel worldwide. Preparations for the launch of Lexmark’s newest product lines and new company acquisitions resulted in increased miles traveled from 2012 to 2013.

While Lexmark does not track distances related to our employees’ daily commutes, we do have work-at-home programs in place that are aimed at reducing the environmental impact of commuting and improving work-life balance for our employees. For example, the Lexmark Competence Center in Budapest, Hungary, offers employees options for environmentally preferred commuting. The facility has bike racks and showers for employees who pedal to work and offers those who prefer public transportation, discounted monthly or yearly fares. Lexmark employees who work at the Lexington facility have a new opportunity to help reduce pollution by taking public transit from a newly installed bus stop in our parking lot and also has secure bike storage and showers.

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Lexmark also initiated a new U.S. benefit in 2013 for commuters taking public transportation. Now public transit expenses can be deducted from payroll as pre-tax funds, which can save employees between 15 percent and 40 percent.

Product Transportation

We rely on transportation every day to deliver our products to customers around the world. Consequently, transporting our products is an integral part of our business. While we cannot avoid this necessity, we have taken measures to decrease the adverse environmental impacts associated with these activities. Lexmark works with environmentally progressive partners who apply innovative ideas and best practices to their transportation processes, such as using diesel hybrid trucks or rapidly renewable biofuels. In 2013 we contained the impact of emissions associated with product transportation (scope 3 emissions) to 6 percent of our total - a 37 percent reduction since 2005.

In September 2008, Lexmark joined the U.S. EPA (Environmental Protection Agency) SmartWay Transport Partnership and exceeded the program's requirement for the amount of allowable freight to be shipped with SmartWay carriers. SmartWay, a collaborative program between the U.S. EPA and the freight industry, is chartered to increase the use of energy-efficient vehicles and has impressive goals to reduce greenhouse gases and decrease air pollution. To help curb climate change, Lexmark pledges to continuously minimize the environmental impact of its product shipments throughout the world. With great pride, we continue our efforts to shrink our carbon footprint by reducing energy consumption and emissions associated with transportation.

Other measures we employ to promote more efficient transportation include the following:

- **Cube utilization**—At Lexmark, transportation considerations begin at the conceptual phase of a new product. Our focus on robustness not only helps ensure a quality product for our customers, it has a direct impact on packaging and transportation efficiency. Early focus on robustness helps to deliver a product that requires less packaging, resulting in a smaller overall packaged footprint and better cargo packing efficiency (cube utilization).

- **Direct-shipping model**—With the direct-shipping model, our goal is to reduce the total mileage our products travel. By moving freight directly from ports to customer destinations we eliminate warehousing en route. Similarly, ocean carriers eliminate inland cargo moves by transporting customer-directed goods from key supplier points directly to the consignee - which reduces energy use and air emissions. In 2013 Lexmark increased our direct-ship volume by approximately 9 percent.
- **Intermodal freight transportation**—Lexmark has an ongoing target in the U.S. to use intermodal freight transportation for inbound moves 95 percent of the time and is achieving this goal. This approach utilizes multiple modes of transportation such as ocean, rail, air, inland water, and roadways in an effort to reduce the miles our products travel. This also reduces the number of times a product is handled during shipment, all of which saves time, money, and fuel.

Lexmark's utilization of multiple Transportation Management Systems helps optimize for the most effective mode of transportation. For example, shifting air shipments to ground transportation or shifting less than truckload shipments to full truckloads. These systems also help combine multiple orders into single shipments, which results in fewer miles driven.

Regional Manufacturing

2013 marked the first year Lexmark shifted production of certain cartridges from China to Poland for use in the European market. This strategy improves supply chain efficiency and helps Lexmark respond more quickly to customer needs. It also has a tangible benefit to the environment. In the first year of implementation this regional manufacturing effort has eliminated the need to ship 103 ocean cargo containers from Hong Kong to Europe, which would have otherwise generated 193 metric tons of greenhouse gas¹.

Lexmark intends to continue to expand our regional manufacturing strategy because it is efficient for our business, it beneficially employs people in the regions where our cartridges are used most, and reduces greenhouse gas emissions. Our goal is to increase the number of cartridges manufactured in the region of consumption from 50 percent to 80 percent by 2017

¹Based on carbon calculator from log-net.com/sustainability

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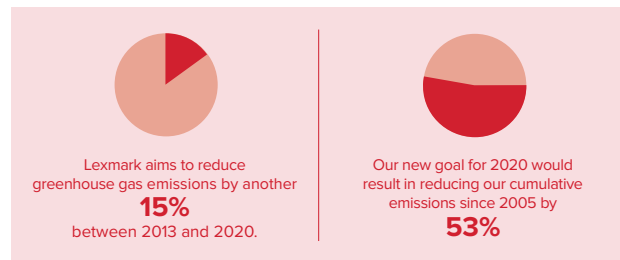


ENVIRONMENTAL SUSTAINABILITY

GREENHOUSE GAS EMISSIONS

Our significant year-to-year improvements in energy consumption are also reflected in our greenhouse gas reduction results in 2013. Reducing energy use is one of the most effective ways to reduce greenhouse gas emissions, a major contributor to climate change. At Lexmark, our energy reductions are largely inspired by our desire to reduce these emissions.

LEXMARK GOAL



LEXMARK PROGRESS



Lexmark reduced its total greenhouse gas emissions by 10 percent from 2012 through 2013. This is a significant result as we have been aggressively driving down GHG emissions for many years. Our cumulative reductions since 2005 are now 45 percent. We have over-achieved our 2017 goal 4 years ahead of schedule, and while we are proud of this result, we also recognize the need to continue challenging ourselves to keep improving. We are establishing a new greenhouse gas reduction target – Lexmark aims

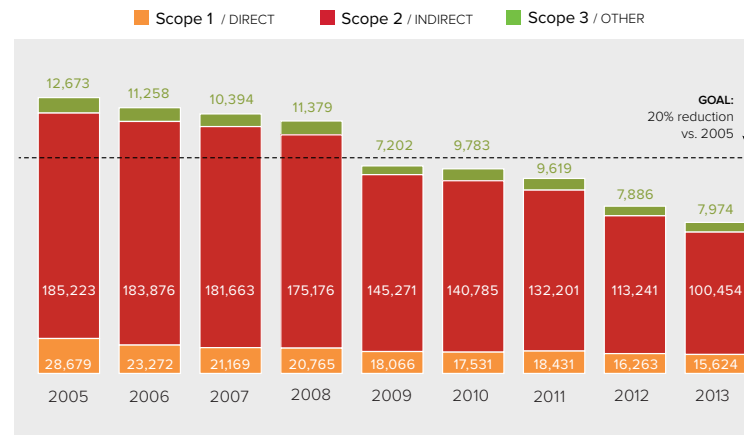
to reduce greenhouse gas emissions by another 15 percent between 2013 and 2020. Our new 15 percent goal for 2020 would result in reducing our cumulative emissions since 2005 by significantly more than half (53 percent).

REDUCING GREENHOUSE GAS EMISSIONS AT LEXMARK

In the past year, Lexmark has continued the shift from a hardware-centric company to an end-to-end solutions provider. The sale of our inkjet division in addition to the acquisition of several software companies has changed our impact on the environment by reducing our total greenhouse gas emissions.

Through our efforts to reduce our use of direct and indirect energy and travel, we have significantly reduced our total greenhouse gas emissions. The chart here shows the Lexmark Scope 1 (Direct), Scope 2 (Indirect), and Scope 3 (Other) greenhouse gas emissions for the years 2005 through 2013 in metric tons of CO₂ equivalents.

TOTAL SCOPE 1, SCOPE 2 & SCOPE 3 EMISSIONS*
(METRIC TONS CO₂e)



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TOTAL SCOPE 1, SCOPE 2, SCOPE 3 EMISSIONS

(Metric Tons CO ₂ e)	2005	2006	2007	2008	2009	2010	2011	2012	2013
Scope 1	28,679	23,272	21,169	20,765	18,066	17,531	18,431	16,263	15,624
Scope 2	185,223	183,876	181,663	175,176	145,271	140,785	132,201	113,241	100,454
Scope 3	12,673	11,258	10,394	11,379	7,202	9,783	9,619	7,886	7,974
Total Emissions	226,575	218,406	213,226	207,320	170,539	168,099	160,251	137,390	124,052

Normalized Direct GHG emissions Scope 1	2005	2006	2007	2008	2009	2010	2011	2012	2013
(Metric Tons CO ₂ e /\$M revenue)	5	5	4	5	5	4	4	4	4

Normalized Indirect GHG emissions Scope 2	2005	2006	2007	2008	2009	2010	2011	2012	2013
(Metric Tons CO ₂ e /\$M revenue)	35	36	37	39	37	34	32	30	27

Normalized Other GHG emissions Scope 3	2005	2006	2007	2008	2009	2010	2011	2012	2013
(Metric Tons CO ₂ e /\$M revenue)	2	2	2	3	2	2	2	2	2

Normalized Total Emissions	2005	2006	2007	2008	2009	2010	2011	2012	2013
(Metric Tons CO ₂ e /\$M revenue)	43	43	43	46	44	40	38	36	34

Revenue	2005	2006	2007	2008	2009	2010	2011	2012	2013
(\$M)	5,220	5,110	4,970	4,530	3,880	4,200	4,173	3,798	3,668

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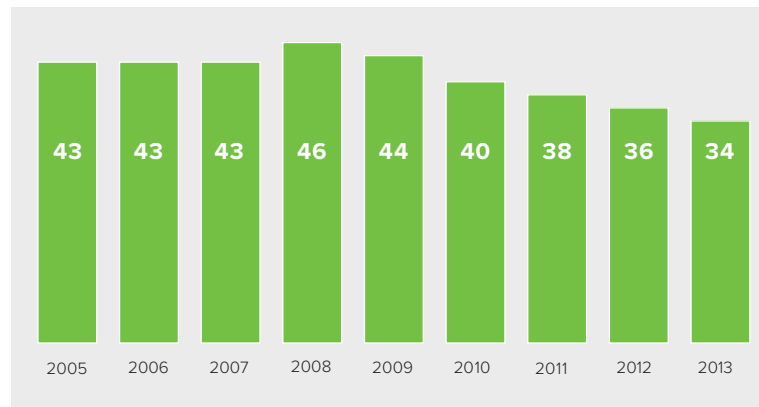
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REGULATED AIR EMISSIONS

2013 Air Emissions (Tons per Year)	Lexington, KY, USA	Boulder, CO, USA	Juarez, Chihuahua, Mexico
Methane	0.133	NA	0
Volatile Organic Compounds (non-methane)	0.33	4.58	10.8
SOx	0.062	0	0.24
NOx	5.93	0.01	2.21
CO ₂	6922	11500	2804
Hazardous Air Pollutant	0.10	0.24	NA
Toxic Release Inventory	NA	-	NA

Note: These three facilities are the only Lexmark sites that generate any regulated air emissions.

NORMALIZED TOTAL EMISSIONS* (METRIC TONS CO₂e / \$M revenue)



*Emissions scope: Canada, China, France, Hungary, India, Philippines, US, Mexico and Switzerland

Lexmark publicly reports greenhouse gas emissions that are related to the use of direct and indirect energy through the Carbon Disclosure Project. Using the World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol methodology, we track greenhouse gas emissions, as well as our use of natural gas, fuel oil, diesel, gasoline, and electricity.

Lexmark is committed to the Montreal Protocol, an international treaty aimed at reducing the use of ozone-depleting chemicals. Lexmark prohibits the use of such chemicals in the manufacture and development of our products. We do use some ozone-depleting chemicals, specifically refrigerants for HVAC systems that cool our facilities. Lexmark cannot eliminate the use of refrigerants at this time because HVAC systems typically require the use of refrigerants for cooling.

Reported refrigerant emissions in 2013 resulted in an ozone-depletion potential of 54 pounds of CFC-11 equivalent, a 7 percent reduction year-to-year. We continue to take steps to minimize their usage. Lexmark monitors HVAC systems for leaks with stand-alone system sensors. We also purchase chillers that use environmentally preferable refrigerants. For example, in 2008, Lexmark installed chillers that use refrigerant R-134a, a hydrofluorocarbon (HFC) refrigerant replacing previous chillers using R-11, a chlorofluorocarbon (CFC) refrigerant which has the highest ozone-depletion potential (ODP). The refrigerant used in the new chiller has an ODP of zero. As an added benefit, these new chillers have variable frequency drives that significantly improve energy efficiency by reducing electrical demand.

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ALL REGULATED AIR EMISSIONS

	Air Emissions (Tons Per Year) 2011	Air Emissions (Tons Per Year) 2012	Air Emissions (Tons Per Year) 2013		Normalized Air Emissions (Tons Per Year/\$B Revenue) 2011	Normalized Air Emissions (Tons Per Year/\$B Revenue) 2012	Normalized Air Emissions (Tons Per Year/\$B Revenue) 2013
Methane							
Lexington, KY, USA	0.16	0.16	0.133		0.04	0.04	0.04
Boulder, CO, USA	Na	Na	Na		Na	Na	Na
Juarez, Chihuahua, Mexico	0	0	0		0.00	0.00	0.00
Volatile Organic Compounds (Non-Methane)							
Lexington, KY, USA	0.44	0.6	0.326		0.11	0.16	0.09
Boulder, CO, USA	6.06	5.08	4.58		1.45	1.34	1.25
Juarez, Chihuahua, Mexico	23.6	21.55	23.6		5.66	5.67	6.43
Sox							
Lexington, KY, USA	0.12	0.28	0.06		0.03	0.07	0.02
Boulder, CO, USA	0	0	0		0.00	0.00	0.00
Juarez, Chihuahua, Mexico	0.25	2.60E-02	0.25		0.06	0.01	0.07
Nox							
Lexington, KY, USA	7.75	6.86	5.931		1.86	1.81	1.62
Boulder, CO, USA	0	0	0.01		0.00	0.00	0.00
Juarez, Chihuahua, Mexico	2.29	2.44	2.29		0.55	0.64	0.62
Co₂							
Lexington, KY, USA	8,342	7,335	6,922		1999.04	1931.28	1887.13
Boulder, CO, USA	13,908	11,647	11,500		3332.85	3066.61	3135.22
Juarez, Chihuahua, Mexico	3087	3,099	3,087		739.76	815.96	841.60
Particulate Matter (Pm10)							
Lexington, KY, USA	0.59	0.52	0.452		0.14	0.14	0.12
Boulder, CO, USA	7.00E-02	0.05	0.06		0.02	0.01	0.02
Juarez, Chihuahua, Mexico	0.28	0.32	0.28		0.07	0.08	0.08
Hazardous Air Pollutant							
Lexington, KY, USA	0.12	0.11	0.103		0.03	0.03	0.03
Boulder, CO, USA	0.45	0.34	0.24		0.11	0.09	0.07
Juarez, Chihuahua, Mexico	Na	Na	Na		Na	Na	Na
Toxic Release Inventory							
Lexington, KY, USA	Na	Na	Na		Na	Na	Na
Boulder, CO, USA	1.9	1.9	-		0.46	0.50	Na
Juarez, Chihuahua, Mexico	Na	Na	Na		Na	Na	Na
Revenue	2011	2012	2013				
(\$M)	4,173	3,798	3,668				

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HELPING EMPLOYEES SAVE MONEY AND THE ENVIRONMENT

Because driving vehicles releases greenhouse gases into the atmosphere and contributes to climate change, Lexmark offers employees simple and easy solutions that cut gas emissions, reduce our nation's dependence on oil, and save money. Perceptive Software, a division of Lexmark, encourages employees to choose environmentally sustainable options to commute to work. The Mid-America Regional Council's RideShare program offers employees environmentally friendly and less expensive commuting alternatives. The program offers carpooling for employees who live and work in close proximity. Benefits for employees who participate include both financial and health improvements, as well as a reduced impact to the environment.

RideShare reduces greenhouse gas emissions, which thus decreases air pollution from burning fuel. Minimizing fuel use also reduces smog derived from vehicular emissions that cause respiratory issues. Commuter costs are decreased due to less fuel consumption, as well as less wear and tear on employees' vehicles. In addition, benefits include less stress caused by traffic during rush hours, meeting new coworkers to develop friendships, and more consistent work hours.

RideShare



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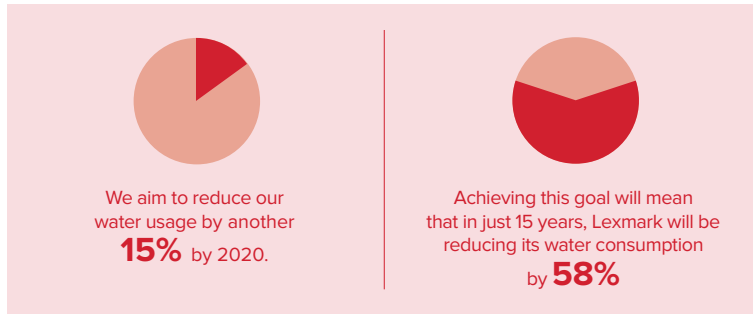
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WATER MANAGEMENT

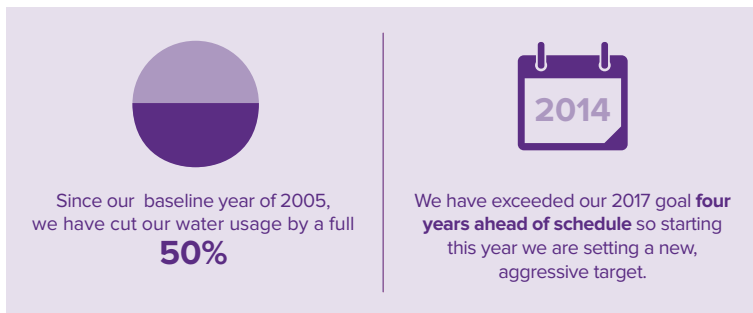
Lexmark is committed to water conservation and protection as a key part of our holistic approach to environmental sustainability.

2013 marked a significant milestone in our efforts to continually improve our water efficiency. Since our baseline year of 2005, we have now cut our water usage by a full 50 percent. With this result we have well exceeded our 2017 goal so starting this year we are setting a new, aggressive target. We aim to reduce our water usage by another 15 percent by 2020. Achieving this goal will mean that in just 15 years Lexmark will be reducing its water consumption by 58 percent.

LEXMARK GOAL



LEXMARK PROGRESS

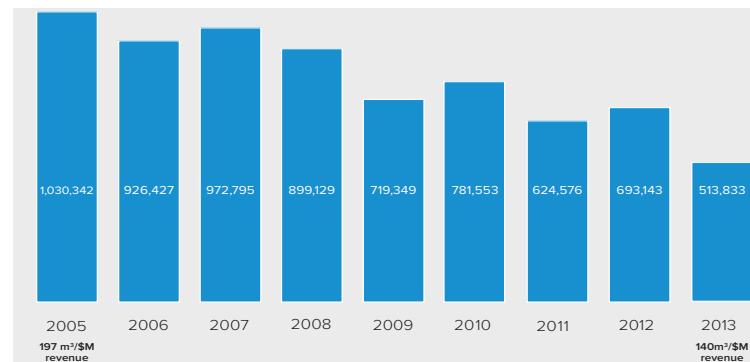


WATER USAGE

Lexmark manufacturing and research and development operations, both owned and leased, have a substantial impact on our water consumption. Lexmark uses water for three main purposes: manufacturing and development, sanitation and our HVAC systems. We aggressively monitor, control and reduce water usage where opportunities exist.

Lexmark water usage is in part driven by the need to control temperature. As external temperatures rise, we use more water in our HVAC systems to cool our facilities. We cannot control the underlying primary variable in our cooling-driven water usage—external temperature. However, our ongoing effort to optimize occupied space has a direct impact on water use for cooling systems. In addition to having a smaller space to keep temperature-controlled, in 2013 Lexmark removed several aging buildings and the associated piping, which results in a lower risk of leaks. By the end of 2015, we plan to spend \$1.35 million upgrading Lexington headquarters' city underground water piping systems to reduce leakage and improve reliability.

TOTAL WATER USAGE
(m³)



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At Lexmark, we've initiated several programs at our facilities worldwide to reduce consumption of water. A few examples are:

Lexington, Kentucky, USA

Projects contributing to reductions at our Lexington, Kentucky headquarters include: reduction in a fire loop water operating pressure from 150 psig to city-level water pressure (resulting in fewer leaks), tightening the controls logic on building air handling units, and a very successful partnership with GE Water services to minimize water blow-down for steam and chilled water systems through continuous monitoring and adjustment of water treatment chemicals. Lexmark has also installed more efficient HVAC systems, improved the efficiency of existing HVAC systems, and installed low-flow plumbing fixtures.

Kolkata, India

Lexmark's Kolkata, India facility has made great strides in its efforts to conserve water and in a single year has reduced its consumption by 42

percent. This site's significant water reduction projects include installing bio-safe and clean waterless urinals, using vacuum pressure in place of water pressure in air-conditioning unit maintenance and recycling water within that system.

Boulder, Colorado, USA

This site recycled approximately 996,000 gallons of water during the manufacturing process. This initiative takes water used during manufacturing through a reverse osmosis cleaning process and utilizes it again on site.

WATER CONSERVATION PLAN

Unpredictable temperatures and fluctuations in production result in positive and negative changes in Lexmark water usage. To help control this, we initiated a six-point water conservation plan in 2009. This plan continues to drive our actions toward achieving more significant, controllable, and sustained reductions in water usage going forward.

THE LEXMARK SIX-POINT WATER CONSERVATION PLAN

Point	Goal	Projects	2010-2013 Progress
1	Reduce consumption (intentional use of water)	Install low-flow plumbing fixtures in all new construction and replace outdated plumbing fixtures with low-flow plumbing fixtures during remodels/repairs	Aged existing plumbing fixtures replaced by sensor operated and low-flow fixtures at Lexmark headquarters from 2010 through 2012.
2	Reduce consumption (intentional use of water)	Upgrade water consuming facilities equipment to improve water usage efficiency	Lexmark (in partnership with GE Water and Process Technologies) cooling-tower water controls improved control of cooling-tower chemistry, resulting in fewer purges and a 28 percent reduction in the amount of water lost to purges or blowdowns
3	Reduce losses (Accidental use of water)	Reduce losses due to leaks from main pipes	In 2013, demolition of several buildings resulted in a reduction of underground piping and reduced risks of leaks
4	Reduce losses (Accidental use of water)	Reduce losses due to plumbing leaks	In 2013 there no significant leaks due to plumbing leaks; smaller leaks were identified and repaired.
5	Education	Complete at least one employee education communication on water conservation per geography per year	Lexmark has made special efforts through the Lexmark internal website and signage posted throughout our facilities to educate internal facilities team members and facilities contractors about water conservation appropriate to their jobs
6	Education	Designated employee at each facility to keep abreast of new water conservation opportunities and technology	Lexmark personnel at each manufacturing facility have been assigned this responsibility.

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WATER WITHDRAWS AND DISCHARGES

Where our water comes from and where it goes is of great importance to Lexmark. We understand that access to clean, abundant, and affordable water is a critical issue of environmental justice. We also understand that our commitment to responsible use of our water resources and protection

of local watersheds helps to ensure that our neighbors have access to clean, abundant, and affordable water. Most Lexmark facilities withdraw water exclusively from municipal water supplies and other water utilities. A limited amount of rainwater (unmetered) is collected and used by some Lexmark facilities.

Lexmark Facility	Utility Provider	Original Sources of Water*
Lexington, KY, USA	Kentucky American Water	Kentucky River, Jacobson Reservoir and Lake Ellerslie
Boulder, CO, USA	City of Boulder Utilities Division	Barker Reservoir, Lakewood Reservoir, Boulder Reservoir and Carter Lake via the Boulder Feeder Canal
Juárez, Chihuahua, México	Junta Municipal de Agua Saneamiento de Juárez	Hueco Bolson, underground aquifer
Cebu, Philippines	Metropolitan Cebu Water District (MCWD)	The Buhisan Dam and 113 deep wells, and the diversion weir in Barangay
Kolkata, India	DLF IT Park via local municipality	Ganges River processed through osmosis water treatment plant
Shawnee, Kansas, USA	Water One	The Missouri River and Kansas River and wells along the Kansas River
Budapest, Hungary	Fővárosi Vízművek	Multiple sources, but water from the Danube River (from wells located near the river) dominates the supply
Shenzhen, China	Shenzhen Water Company	Pearl River - the biggest river in south China
Richmond Hill, Ontario, Canada	City of Toronto, Toronto Water	Lake Ontario and municipal wells

* To the best of our knowledge, none of these bodies of water are recognized by professionals to be particularly sensitive due to their relative size, function, or status as a rare, threatened, or endangered system, and none support a particular endangered species of plant or animal, or are considered a nationally or internationally proclaimed conservation area. None of these water sources are significantly affected by Lexmark water usage.

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WATER WITHDRAWS AND DISCHARGES

Total Water Usage	2005	2006	2007	2008	2009	2010	2011	2012	2013
(m ³)	1,030,342	926,427	972,795	899,129	719,349	781,553	624,576	693,143	513,833

Normalized Total Water Usage	2005	2006	2007	2008	2009	2010	2011	2012	2013
(m ³ /\$M revenue)	197	181	196	198	185	186	150	183	140

Water Use and Discharge by Facility (m ³)	Water Use			Wastewater Discharge		
	2011	2012	2013	2011	2012	2013
Lexington, KY, USA	269,488	249,318	193,986	269,488	249,318	94,346
Boulder, CO, USA	117,624	107,998	120,868	117,624	107,998	120,868
Juarez, Mexico	67,866	94,134	93,432	67,866	94,134	93,432
Mactan Island, Philippines (Manufacturing)	131,284	158,500	54,076	131,284	158,500	54,076
Cebu City, Philippines (Services)	25,391	35,899	23,504	25,391	35,899	23,504
Kolkata, India	–	26,512	15,423	–	26,512	15,423
Shawnee, KS, USA	6,952	13,227	7,610	6,952	13,227	7,610
Budapest, Hungary	840	1,799	2,098	840	1,799	2,098
Shenzhen, China	1,291	1,594	1,348	1,291	1,594	1,348
Richmond Hill, Canada	2,487	1,950	1,190	2,487	1,950	1,190
All Other	1,353	2,212	298	1,353	2,212	298
Total	624,576	693,143	513,833	624,576	693,143	414,193

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WATER WITHDRAWS AND DISCHARGES

Normalized Water Use and Discharge by Facility (m ³ /SM revenue)	Normalized Water Use			Normalized Wastewater Discharge		
	2011	2012	2013	2011	2012	2013
Lexington, KY, USA	64.6	65.6	52.9	64.6	65.6	25.7
Boulder, CO, USA	28.2	28.4	33.0	28.2	28.4	33.0
Juarez, Mexico	16.3	24.8	25.5	16.3	24.8	25.5
Mactan Island, Philippines (Manufacturing)	31.5	41.7	14.7	31.5	41.7	14.7
Cebu City, Philippines (Services)	6.1	9.5	6.4	6.1	9.5	6.4
Kolkata, India	–	7.0	4.2	–	7.0	4.2
Shawnee, KS, USA	1.7	3.5	2.1	1.7	3.5	2.1
Budapest, Hungary	0.2	0.5	0.6	0.2	0.5	0.6
Shenzhen, China	0.3	0.4	0.4	0.3	0.4	0.4
Richmond Hill, Canada	0.6	0.5	0.3	0.6	0.5	0.3
All Other	0.3	0.6	0.1	0.3	0.6	0.1
Total	149.7	182.5	140.1	149.7	182.5	112.9

Lexmark Facilities Water Fees in U.S. \$	2005	2006	2007	2008	2009	2010	2011	2012	2013
Lexington, KY, USA	\$494,382	\$238,812	\$530,261	\$495,721	\$566,609	\$890,897	\$785,637	\$734,880	\$583,778
Boulder, CO, USA	\$127,181	\$134,477	\$90,055	\$91,848	\$82,566	\$102,230	\$120,713	\$114,833	\$141,088
Juarez, Mexico	\$309,737	\$359,979	\$377,382	\$507,840	\$329,040	\$260,261	\$388,283	\$406,461	\$416,684
Mactan Island, Philippines (Manufacturing)	\$130,142	\$118,151	\$152,218	\$178,763	\$180,365	\$238,488	\$175,904	\$218,685	\$76,853
Cebu City, Philippines (Services)	\$0	\$0	\$6,302	\$6,163	\$15,723	\$35,584	\$39,968	\$46,201	\$29,644
All Other	\$185,835	\$285,303	\$391,788	\$313,884	\$104,422	\$13,008	\$16,219	\$28,352	\$21,841
Total	\$1,247,277	\$1,136,722	\$1,548,006	\$1,594,219	\$1,278,725	\$1,540,468	\$1,526,724	\$1,549,412	\$1,269,888

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PLANNED DISCHARGES

Waste water from Lexmark operations is primarily discharged to local utility systems for treatment. We discharge some water directly to nearby bodies of water in accordance with local laws and regulations. These discharges have had positive impacts. For example, Lexmark discharges environmentally neutral water to the Cane Run Creek that flows through Lexmark property in Lexington, Kentucky. The wildlife that depends on the Cane Run Creek (an impaired surface stream creek that is particularly vulnerable in times of drought) benefits from the occasional addition of water so that fish, birds, and other wildlife can survive during times when the water level in the creek is otherwise detrimentally low.

Water discharges are often assumed to be equivalent to total water consumption, however in Lexington, KY we have installed new meters that provided data in 2013 confirming wastewater being sent to the sanitary sewer system is only half (49 percent) of our usage. The majority of the rest is evaporated from our cooling towers, diverted to Cane Run Creek to benefit that ecosystem, or absorbed into the soil when weather demands require care for landscaping and ball fields.

UNPLANNED DISCHARGES

In an effort to prevent negative impacts on the environment, Lexmark has established site-specific, pollution-prevention plans that encompass compliance with applicable environmental regulations, outline Lexmark's proactive pollution-prevention efforts, and specifically address spill prevention, hazardous-waste management, recycling, and water quality. These plans cover multiple pollution routes including discharges to ground, air and water. They cover all Lexmark owned manufacturing and research and development facilities worldwide.

Lexmark reported no significant spills in our 2013 financial statement. In an effort to continually improve our processes, we record and investigate all spills—regardless of size or impact—as directed by site ISO 14001 and OHSAS 18001 and other corrective and preventative action programs.

All water discharges—whether planned or unplanned—destined for the local utility or nearby bodies of water, are closely monitored by site facilities and environmental teams that test for water quality.

Comparing 2013 with 2012, the overall Lexmark total water spend decreased by 18 percent.



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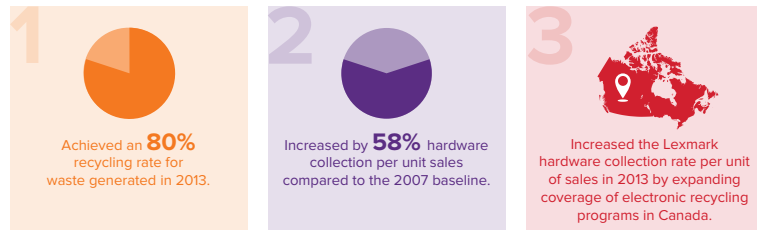
WASTE MANAGEMENT

At Lexmark, we're committed to disposing waste generated by our world-wide facilities in a safe and responsible manner. The data for Lexmark waste generation and disposal over the past several years is indicative of the level of progress we are making toward our goals for reducing waste.

LEXMARK GOALS



LEXMARK PROGRESS



WASTE MANAGEMENT AND RECYCLING PROGRAMS

Lexmark has established waste management and recycling programs at all our facilities worldwide. For example, at the Lexmark headquarters in Lexington, Kentucky, we have established programs to collect and recycle a variety of materials, including construction waste, cafeteria waste, electronic waste (such as end-of-life computers and telephones), aluminum cans, batteries, cardboard, office paper, glass bottles, metal scraps from our tool



rooms, plastic bottles, fluorescent light bulbs, and cell phones. Several of these waste streams are recycled in unique ways. For example, carpet recovered during remodeling efforts and scraps from new construction projects are recycled in a closed-loop process. The carpeting and backing are separated, processed, and then made into new carpeting. Cafeteria waste from food preparation is composted to fertilize gardens throughout Lexington. Paper from Lexmark offices are recycled as bathroom tissue and paper towels.

THE LEXMARK CARTRIDGE COLLECTION PROGRAM (LCCP)

The facility in Juarez, Mexico processes approximately 30,000 empty toner cartridges a day. Since 1996, customers have used the LCCP to return millions of laser cartridges to Lexmark for responsible end-of-life reuse or recycling. The LCCP facility complies with the highest industry standards and best practices for environmental responsibility by using a tracking and accountability system to manage all materials recovered.



In 2013, the LCCP plant received Responsible Recycling (R2) certification by demonstrating to an accredited, third-party auditor that the facility safely recycles and manages electronics. LCCP has achieved other environmental

certifications such as ISO 14001, OHSAS 18001 and ISO 9001. The 99,000 square-foot facility is also a LEED Gold certified building.

View Lexmark's [R2 Certification](#).

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TOTAL WASTE GENERATION ENTERPRISE LEVEL

(Metric Tons)	2007	2008	2009	2010	2011	2012	2013
Non-Hazardous	10,853	12,887	14,774	13,306	17,231	20,540	17,898
Hazardous	843	942	805	1,501	1,000	1,821	494
Total	11,696	13,829	15,579	14,807	18,231	22,361	18,392

NORMALIZED WASTE GENERATION ENTERPRISE LEVEL

(Metric Tons/\$M revenue)	2007	2008	2009	2010	2011	2012	2013
Non-Hazardous	2	3	4	3	4	5	5
Hazardous	0.2	0.2	0.2	0.4	0.2	0.5	0.1
Total	2	3	4	4	4	6	5

TOTAL WASTE GENERATION FACILITY LEVEL

(Metric tons)	2007	2008	2009	2010	2011	2012	2013
Lexington, KY, USA	2,589	2,870	2,035	1,389	1,757	2,655	1,988
Boulder, CO, USA	2,312	2,565	1,991	2,570	2,870	3,849	3,340
Juarez, Mexico, Manufacturing	4,319	5,945	10,015	9,583	12,726	15,124	5,427
Juarez, Mexico, LCCP Recycling Plant*	---	---	---	---	---	---	7,533
Cebu City, Philippines (Manufacturing)	1,329	1,175	1,313	1,119	784	594	104
Chihuahua, Mexico	1,146	822	---	---	---	---	---

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NON-HAZARDOUS WASTE GENERATION FACILITY LEVEL

(Metric tons)	2007	2008	2009	2010	2011	2012	2013
Lexington, KY, USA	2,569	2,849	2,025	1,385	1,753	2,651	1,984
Boulder, CO, USA	1,934	2,115	1,730	2,180	2,825	3,816	3,311
Juarez, Mexico, Manufacturing	3,980	5,587	9,591	8,631	11,773	13,394	4,989
Juarez, Mexico, LCCP Recycling Plant*	---	---	---	---	---	---	7,530
Cebu City, Philippines (Manufacturing)	1,228	1,052	1,205	974	711	560	83
Chihuahua, Mexico	1,142	819	---	---	---	---	---

HAZARDOUS WASTE GENERATION FACILITY LEVEL

(Metric tons)	2007	2008	2009	2010	2011	2012	2013
Lexington, KY, USA	20	21	10	4	4	3	4
Boulder, CO, USA	378	450	261	390	45	33	28
Juarez, Mexico, Manufacturing	339	357	424	952	954	1,730	438
Juarez, Mexico, LCCP Recycling Plant*	---	---	---	---	---	---	3
Cebu City, Philippines (Manufacturing)	102	123	108	145	73	34	21
Chihuahua, Mexico	5	3	---	---	---	---	---

*LCCP Recycling Plant receives empty toner cartridges from customers for recycle or reuse.

TOTAL WASTE GENERATION ENTERPRISE LEVEL BY DISPOSAL METHOD

(Metric tons)	2007	2008	2009	2010	2011	2012	2013
Recycling	7,347	10,162	12,439	11,470	14,114	16,541	14,645
Energy Recovery	259	282	719	1,022	1,723	3,720	1,731
Incineration	1,077	478	125	41	159	157	372
Landfill	2,960	2,847	2,204	2,237	2,213	1,631	1,508
Water Treatment	54	60	92	38	22	312	136
Total	11,696	13,829	15,579	14,807	18,231	22,361	18,392

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TOTAL NON-HAZARDOUS WASTE GENERATION ENTERPRISE LEVEL BY DISPOSAL METHOD

(%)	2007	2008	2009	2010	2011	2012	2013
Recycling	63%	73%	80%	77%	77%	74%	82%
Energy Recovery	2%	2%	5%	7%	9%	17%	7%
Incineration	9%	3%	1%	0%	1%	1%	2%
Landfill	25%	21%	14%	15%	13%	7%	8%
Water Treatment	1%	0%	0%	0%	0%	1%	1%

TOTAL HAZARDOUS WASTE GENERATION ENTERPRISE LEVEL BY DISPOSAL METHOD

(%)	2007	2008	2009	2010	2011	2012	2013
Recycling	49%	55%	39%	37%	12%	6%	12%
Energy Recovery	30%	23%	38%	51%	77%	86%	82%
Incineration	4%	7%	15%	3%	0.20%	0.15%	0.34%
Landfill	17%	15%	8%	9%	11%	8%	5%
Water Treatment	0%	0%	0%	0%	0%	0%	0%

TOTAL ELECTRONICS WASTE RECYCLING

(Metric tons)	2013	
Non-Hazardous	Voluntary	Regulated
USA	29	1542
Canada	13	53

REVENUE

(\$M)	2005	2006	2007	2008	2009	2010	2011	2012	2013
-	5,220	5,110	4,970	4,530	3,880	4,200	4,173	3,798	3,668

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SUSTAINABILITY PROGRESS: JUÁREZ, MEXICO

Our Juarez facility focuses on waste minimization through sustainable operations. Lean manufacturing techniques and environmental management programs increase the Juarez plants' operating efficiency and reduce its environmental impact. In 2013 Lexmark Juarez was able to remanufacture or recycle the following materials:

Material Collected	Amount (metric tons)	Sustainable Process
Cartridges and Parts	1,928	Reuse
Cartridge Plastics and Toner	2,746	Recycle
Cardboard	2,502	Recycle
Wood, Metal, Paper, Plastic	2,328	Recycle

SUSTAINABILITY PROGRESS: BOULDER, COLORADO

At our facilities in Boulder, Colorado, we store and transport our photoconductor drums in reusable trays to reduce waste. The plastic trays are shipped from the United States to China and Mexico and then returned for reuse. In 2013, the continual utilization of our trays kept 98 metric tons of material out of landfills. We help our customers reduce waste in landfills by providing easy methods to recycle our cartridges. In 2013, 1.6 million photoconductor drums from our returned cartridges were collected and sent back to Boulder for recoating and reuse. An additional 0.7 million drums were recovered from the manufacturing line resulting in the reuse of 178 metric tons of aluminum.

During the photoconductor manufacturing process Boulder also recovers and reuses waste solvents. When recycling is not an option, solvent waste is processed to extract its energy value for use as a fuel substitute.

Single-stream recycling in Boulder allows employees to easily collect office and vending waste (bottles, cans, office paper). Food and paper towel waste is also collected and distributed for commercial composting. Manufacturing waste such as stretch wrap, bulk bags, broken wood pallets, and scrap metal are provided to industrial recycling markets.

At Lexington headquarters, many of our employees live in surrounding counties which do not offer curbside recycling services. Consequently, Lexmark has partnered with the Lexington Fayette Urban County Government to collect those recyclables on-site. A large recycle bin is available for employees to drop off items such as newspapers, plastics, glass bottles, cardboard and aluminum cans. An estimated 260 tons of recyclables has been processed through this program since its inception in 2007.

DEVELOPMENT AND PRODUCTION WASTE MANAGEMENT AND RECYCLING

The development, quality testing and manufacturing of Lexmark imaging devices can result in the generation of unique waste streams including chemical waste (toner, component development and manufacturing), paper waste (print testing) and printers and other electronic components (performance and quality testing).

Chemical waste is primarily processed in an energy-recovery facility, which generates electricity while processing chemical waste. A portion of toner chemical waste is processed by a company that uses the toner as a colorant in plastics. Toner waste is also used as an additive to concrete. Paper from print testing is recycled as bathroom tissue and paper towels.

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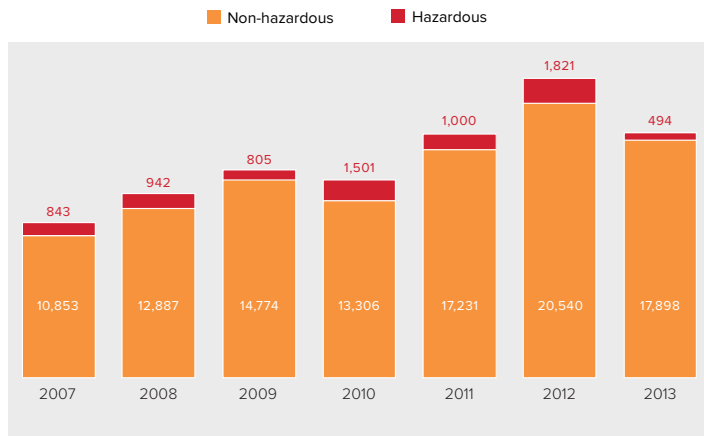
ENVIRONMENTAL SUSTAINABILITY

WASTE GENERATION AND RECYCLING STATISTICS

Lexmark generated a total of 18,392 metric tons of waste in 2013. With 97 percent of the waste generated worldwide being non-hazardous. Optimization of facility operations resulted in a reduction in waste, an improvement in efficiency as well as long-term environmental benefits.

Hazardous waste accounts for approximately 3 percent of Lexmark total waste. The primary hazardous-waste materials are residues from manufacturing and development processes. Hazardous waste that is generated by Lexmark research and development, and manufacturing facilities is managed by external companies that specialize in the management of hazardous waste.

WASTE GENERATION BY CLASSIFICATION
(METRIC TONS)



WASTE RECYCLING

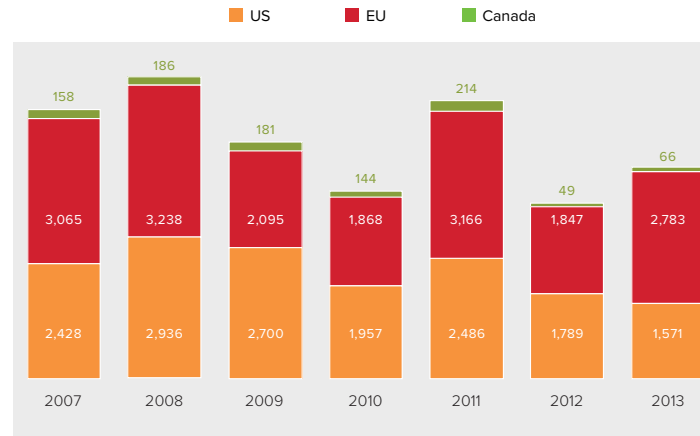
Disposal methods for waste are determined through the collaborative efforts of Lexmark and our waste-management partners. Working together, we have identified new opportunities for recycling waste, reducing our usage of incineration and landfill while increasing usage of waste-to-energy

recovery where other recycling options are unavailable. Since 2007, Lexmark has increased its waste recycling rate from 63 percent to 80 percent. Lexmark exceeded our recycling-rate goal of 75 percent.

ELECTRONIC WASTE RECYCLING

Lexmark offers our customers environmentally sound choices for disposal of their end-of-life products. Electronic waste, including printers that have reached the end of their usable lives, is recycled by specialized firms with processes to ensure any data stored on those devices is not compromised. The firms we choose are committed to recycling devices in an environmentally and socially responsible manner.

ELECTRONIC WASTE RECYCLING
(METRIC TONS)



Lexmark has partnered with recyclers that offer a broad range of services and processing capabilities, have a proven record of compliance with government-mandated criteria for recycling facilities, are ISO 14001 certified (the environmental-management-system standard), and are certified by R2 Solutions or e-Stewards.

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The R2 Solutions R2 Standard is a comprehensive global criteria for e-recyclers in the market and requires responsible management of used computers and electronics. The e-Stewards Standard is a rigorous, internationally compliant certification from Basil Action Network (BAN) based on ISO 14001 that assures full conformance to a comprehensive suite of electronics recycling best practices. Both R2 Solutions and BAN are working to ensure the electronics recycling industry is environ-

mentally sustainable. Our recycling partners are audited regularly to ensure that they continue to maintain the high level of service and regulatory compliance that we expect of our recycling partners.

The primary Lexmark recycling partner, Sims Recycling Solutions, the world's largest electronics recycler, is R2 certified. Sims Recycling processed more than 4,400 metric tons of electronic waste on behalf of Lexmark in the United States, Canada, and Europe in 2013.

Lexmark also partners with Global Environmental Services (GES), offering solutions for customers that prefer e-Stewards. GES, with facilities in Georgetown, Kentucky and Austin, Texas, is the seventh largest electronics recycler in North America. The Lexmark service organization works with our recycling partners to reclaim parts that can be used to refurbish printers, which keeps the printers in service longer and reduces the need to recycle used hardware. Devices that are returned to Lexmark go through a process that assesses if they can be refurbished for reuse, and if not, are harvested for parts that can be used in the refurbishment process.

Lexmark has set a goal to achieve a 30 percent increase in hardware collection and recycling in 2014 as compared to baseline year 2007. In

2013 Lexmark increased its hardware collection rate by 58 percent per unit sales to achieve our goal earlier than expected.

Lexmark currently offers standardized recycling programs in many countries and variable programs in other countries. We expanded the Lexmark Equipment Collection Program in 2013 and plan to further expand it in 2014. Lexmark has additional programs in place to recycle printer packaging or other Lexmark hardware. Customers may use their new printer's packaging material to return their old Lexmark printer or they may return only the packaging material from their printer or hardware to Lexmark. Lexmark has established a shipping container reuse and recycle program with our primary electronic waste recycling partner. Additionally, wooden pallets are reused and recycled (damaged pallets are chipped and used as mulch), and certain types of Styrofoam are sent to an extruder for reuse.

UNITED STATES

In the United States, we offer the Lexmark Equipment Collection Program. Customers can return their Lexmark hardware products to us by the shipping method most convenient for them, and we recycle the equipment at no charge. For business customers who are in the process of installing a large fleet of new Lexmark products, Lexmark develops customized collection strategies. We work in partnership with certified electronics-disposal agencies to collect used devices, mark them for recycling, and arrange for them to be sent to the nearest recycling facility. Electronic waste legislation has been proposed in a majority of states in the United States. There are 12 states with enacted extended producer responsibility (EPR) legislation that includes printers – Connecticut, Hawaii, Illinois, Maine, Michigan, Minnesota, New York, North Carolina, Oregon, South Carolina, Vermont and Wisconsin. While the details of the legislation vary greatly from state to state, the basic tenet is that the producers of electronic devices are required to collect and responsibly recycle covered electronic devices at the end of the devices' usable lives.

A Lexmark printer hardware packaging return program is also in place in the US. Packaging material from Lexmark hardware including service parts may be returned to Lexmark for recycling. For more details [click here](#).

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CANADA

Lexmark is a member of Electronic Product Stewardship Canada (EPSC), an organization dedicated to promoting and implementing sustainable solutions for end-of-life electronics. We participate in a number of government-sponsored and industry-supported recycling programs in Canada, which vary by province. Some provinces require electronic manufacturers to pay a fee that is used to recycle electronic equipment in those respective provinces.

Canadian Province	Recycling Program in which Lexmark Participates
Alberta	Alberta Recycling Management Authority (ARMA)
British Columbia	Electronic Products Recycling Association (EPRA)
Manitoba	EPRA
Newfoundland and Labrador	EPRA
Nova Scotia and Prince Edward Island	EPRA
Ontario	Ontario Electronic Stewardship (OES) Program
Quebec	EPRA
Saskatchewan	EPRA

EUROPE

In many parts of Europe, our equipment take-back strategy is implemented through country-specific programs that are operated in accordance with the European Union (EU) Waste Electrical and Electronic Equipment (WEEE) Directive (2012/19/EU). Consumers in the EU can take their equipment to

locally authorized collection centers or, in some cases, to local retailers. For EU business customers, Lexmark has established a fully compliant logistics system for transporting used products to the nearest storage and sorting facility, where the equipment is properly processed for recycling.

ASIA PACIFIC

A primary focus for Lexmark's Asia Pacific environmental work is to support the Australian national end-of-life electronic equipment and recycling program. Lexmark has joined a government approved service to take responsibility for the safe and environmentally friendly recycling of end-of-life products.

In this end-of-life program, all information technology manufacturers and importers are responsible for their shares of actual waste collected. Customers return their end-of-life electronic equipment to designated collection points from which the waste is taken to central consolidation and collection points for recycling by accredited recycling operators.

LATIN AMERICA

The regions of Central and South America present many logistical challenges for recycling. Several countries and local governments, including Argentina (Buenos Aries Province), Brazil, Columbia, Costa Rica, Ecuador, Mexico, Peru, Puerto Rico and Venezuela, have enacted forms of extended producer responsibility legislation. Lexmark is working closely with our recycling partner, Sims Recycling Solutions, to set up regional recycling centers to meet these new requirements.

LEXMARK ELECTRONIC WASTE RECYCLING

[Click here](#) for more information on Electronic Waste Recycling.

[Click here](#) to see more detailed Waste Management information.

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LAND AND BIODIVERSITY

Lexmark strives to ensure that operations do no harm to the local environment. At Lexmark, we understand our responsibility to help maintain balance in our natural world. Lexmark engages our communities primarily in reforestation programs and watershed protection.



Lexmark owns or leases facilities used for manufacturing and research and development in the United States, Mexico, Europe, and Asia. An important prerequisite to locating these global facilities includes a thorough understanding of local ecology and biological issues, so we can take a prudent approach to their protection. Consequently, an important part of our worldwide environmental assessment is internationally accepted evaluation tools.

As the first step to establishing a facility in the United States or abroad, Lexmark applies American Society for Testing and Materials International (ASTM) Standard Practice for Environmental Site Assessments E1527-05 (Phase I) and E1903 (Phase II) to assess environmental aspects. We also consider the protection status of those areas where we plan to operate. Lexmark does not operate in areas that are known to be protected or home to International Union for Conservation of Nature (IUCN) Red List species and has no future plans to operate in these areas.

Lexmark is especially sensitive to the environment in our Philippines operations. Many global organizations recognize the entire country as an area of high biodiversity. The Lexmark Research and Development Corporation (LRDC) located in Cebu, Philippines, is a 30,817 square meters research and development operation. Lexmark employees in the Philippines work diligently to restore habitats near these facilities, focusing on reforestation and watershed protection. In 2013, Lexmark planted 3,500 mangrove propagules with the Philippine Business for Social Progress (PBSP) and 8,000 with the Community Environment and Natural Resources Office (CENRO). Since 2008, Lexmark has planted over 136,300 mangroves.

INTERNATIONAL UNION FOR CONSERVATION OF NATURE RED LIST SPECIES



Species: *Chaetodon adiergastos*
Common Name: Philippine Butterflyfish
IUCN Status: Least concern



Species: *Tarsius syrichta*
Common Name: Philippine Tarsier
IUCN Status: Near threatened



Species: *Squalus montalbani*
Common Name: Philippines Spurdog
IUCN Status: Vulnerable



Species: *Crocodylus minderenis*
Common Name: Philippines Crocodile
IUCN Status: Critically endangered

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ENVIRONMENTAL MANAGEMENT

ISO 14001 is a voluntary standard that provides a framework for environmental management. Lexmark-owned and leased facilities in Lexington, Kentucky; Boulder, Colorado; Budapest, Hungary; Cebu, Philippines; Juárez, Mexico; and Shenzhen, China have received ISO 14001 certification. These include all of our production locations and some research and development and administration facilities. Lexmark spends up to \$40,000 per facility on services provided by external consultants, including environmental testing, waste water sampling and storm water sampling. Over \$100,000 is spent annually for corporate services such as legislative tracking and MSDS management.

Each Lexmark facility sets site-specific goals for improving its performance within this management system. Environmental goals include reducing energy consumption, improving water conservation, generating less waste, and improving emergency preparedness and response planning. Emergency response teams are established for each major manufacturing and development facility to support these efforts.

Lexmark did not incur any fines or non-monetary sanctions for noncompliance with the environmental laws and regulations in the reporting period.

ISO 14001 CERTIFICATES

[Lexington, Kentucky Certificate](#)

[Boulder, Colorado Certificate](#)

[Budapest, Hungary Certificate](#)

[Cebu, Philippines Certificate](#)

[Juárez, Mexico Certificate](#)

[Shenzhen, China Certificate](#)

OHSAS 18001 CERTIFICATES

[Lexington, Kentucky Certificate](#)

[Boulder, Colorado Certificate](#)

[Cebu, Philippines Certificate](#)

[Juárez, Mexico Certificate](#)

[Shenzhen, China Certificate](#)

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SUPPLY CHAIN

LEXMARK SUPPLY CHAIN

At Lexmark, we work closely with our suppliers to ensure our products and services have a positive impact on people, communities, and the environment. Lexmark integrates sustainability into our supply chain by screening 100 percent of our new critical parts suppliers for environmental compliance, material management and social responsibility. We choose suppliers who share our vision of corporate citizenship and agree to conform to Lexmark's expectations and standards. We monitor the performance and compliance of our suppliers by analyzing on a regular basis their social, environmental and economic data.

LEXMARK GOAL



We aimed for a Diversity Supplier spend greater than **\$40 million**

LEXMARK PROGRESS



We achieved **\$53 million** in spending on certified minority companies in 2013.

SUPPLIER DIVERSITY

Lexmark strives to encourage and afford opportunities to minority suppliers. The Lexmark supplier diversity program is founded on Lexmark values of mutual respect, corporate citizenship, and integrity. Diverse businesses make up a vital segment of the economy, and, therefore, healthy diverse businesses are advantageous to our financial performance and our community. Lexmark sets goals annually to increase contracting opportunities for eligible minority suppliers. These goals are reviewed to determine if they are attainable and represent a meaningful contribution to the Lexmark

supplier diversity program. Lexmark employees are encouraged to take an active role to support the supplier diversity program by ensuring that diverse-owned vendors are encouraged and given an opportunity to do business with Lexmark.

An example of Lexmark advancing minority-owned businesses in new markets is the selection of Innovative Office Solutions as our primary provider of office supplies.

As a woman-owned business Innovative Office Solutions has become one of the largest and fastest growing office solutions companies by focusing



on growth through hiring, expanding product offerings and investing in technology. Innovative Office Solutions was chosen by Lexmark not only to expand our diverse supplier network but also to promote a company with a commitment to their community through the support of over 100 nonprofits. Hiring diverse-owned companies provides Lexmark the ability to boost employment of individuals with diverse backgrounds, skills and cultures who often share their successes with their community.

SUPPLIER LOCATIONS

To positively impact local economies, Lexmark sourcing teams are encouraged to select suppliers that are near the location where their products are shipped (such as near a manufacturing location) when possible. The use of locally based suppliers is both environmentally and financially preferable, resulting in positive local impacts.

Lexmark laser supplies are strategically produced in local economies near our customers. In 2013 Lexmark began the production of laser supplies in Poland to meet the needs of our customers in Europe. Lexmark sources supplies for Asia Pacific from China and our manufacturing plant in Mexico produces supplies for Latin America and North America. Manufacturing products regionally near our distribution centers not only allows our customers to receive needed supplies faster, it provides an opportunity for our customers to recycle their supplies closer to home.

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SUPPLY CHAIN

LEXMARK GOAL



LEXMARK PROGRESS



ANALYZING AND MANAGING SUPPLY CHAIN RESPONSIBILITY

To better understand CSR risks in the supply chain, Lexmark analyzes the spending behavior of that chain, evaluating basic information (total number of suppliers, geographic spread, and so on), as well as social and environmental aspects such as supplier diversity and environmental factors. These spending analyses are conducted with specially developed data-collection tools and are conducted in collaboration with consultants specializing in supply chain analyses.

Over the last four years, 100 percent of Lexmark procurement spending was subject to our spending-analysis process. Through this process, we have identified critical suppliers—our high-volume, high-spending suppliers, suppliers of critical components, and unique or sole source suppliers. Lexmark has over 10,000 suppliers, 1.7 percent of which have been identified as key and strategic¹.

Less than 1 percent of our suppliers are determined to be high risk. Based on how critical the risk is, Lexmark conducts a deeper analysis of economic (cash management), environmental (weather-related), and social (war and political instability) risk factors.



These risks are managed in part through the EICC Code of Conduct. This code prescribes best practices related to environmental performance in operations, human rights (forced or child labor, freedom of association, International Labour Organization conventions), working conditions (working hours, layoff practices, remuneration), occupational health and safety and business ethics (corruption, anti-competitive practices). To improve business practices and assist companies in identifying risks and driving improvements, self-audits and site audits are conducted in conformance to the EICC Code of Conduct, laws, and regulations.

¹ Key and strategic suppliers are those with spend over \$1 million and goods and/or services critical to Lexmark operations.

SUPPLIER RESPONSIBILITY

Our membership and participation since 2009 in the Electronic Industry Citizenship Coalition® (EICC) has further strengthened our organizational efforts in support of human rights, labor standards, and other CSR (corporate social responsibility) values. The [EICC Code of Conduct](#), supplemented by the [Lexmark Supplier Code of Conduct](#), is a pledge of best practices adopted and implemented by some of the world's major electronics brands and their suppliers to improve conditions in the electronics supply chain. The EICC Code of Conduct sets forth performance, compliance, auditing and reporting guidelines across five areas of social responsibility, including labor, health and safety, environment, management systems and ethics policies. In accordance with EICC guidelines, Lexmark conducts third-party audits for several of our Tier 1 suppliers to monitor compliance in these areas.

Lexmark works with a multitude of direct and indirect suppliers. All Lexmark suppliers are required to comply with the EICC Code of Conduct, which also addresses human rights. In addition, we have increased our scrutiny of the human rights records of Lexmark suppliers.

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Lexmark works with its suppliers to help improve their sustainability. We encourage suppliers to demonstrate their continual improvement through the completion of the EICC SAQ (Self-Assessment Questionnaire) and publication of an annual sustainability report including content and metrics based on an internationally recognized reporting framework such as the Global Reporting Initiative or similar reporting format. Beginning this year

and thereafter on an annual basis, Lexmark will report the percentage of key and strategic suppliers who have issued an internationally recognized sustainability report. In selecting and retaining qualified suppliers, Lexmark will show preference to suppliers who meet or exceed our expectation in the area of sustainability and reporting.



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The percentage of our 174 key and strategic suppliers who have issued a sustainability report in 2013 is 53 percent. Lexmark will continue to work with our key and strategic suppliers to increase this percentage.

Key Strategic Suppliers account for a significant percentage of Lexmark total procurement spending. Based on 2013 spending, the 174 key and strategic suppliers make up about 58 percent of our spend.

CONFLICT MINERALS

On August 22, 2012, the U.S. Securities and Exchange Commission released its final rules for the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) related to the use of conflict minerals (tin, tantalum, tungsten and gold) in their products. Lexmark maintains a policy of responsible global sourcing through a conflict-free supply chain. Sources of materials, including those mined from the Democratic Republic of the Congo or an adjoining country (“DRC”), are approved for use when proven that acquiring them does not contribute to the conflict in the region. Therefore, Lexmark subcontractors and suppliers must report on the origin for these materials (tin, tungsten, tantalum, and gold) used in the manufacture of Lexmark products. Lexmark also requires a due diligence declaration identifying the list of smelters used within a supplier’s supply chain. This information must be submitted along with the supplier’s due diligence process. Suppliers must report the results using the EICC template, or Lexmark approved similar template. Lexmark has filed with the U.S. Securities and Exchange Commission a [Conflict Minerals Report](#) for 2013.

SUPPLY CHAIN RESPONSIBILITY PROGRAM AT LEXMARK

The Lexmark Director of Global Sourcing is the senior person responsible for delivering on the environmental, social and governance (ESG) objectives we have identified (as stated previously). At the operational level, the global manager of Global Sourcing has responsibility for implementing the ESG objectives. The global manager is a direct report to the global director.

All Lexmark prime-contact procurement staff have received training in environmental, social and governance issues related to our procurement processes. Lexmark procurement personnel also have access to a database of supplier information that includes the suppliers’ environmental, social and governance commitments, as well as their performance metrics. All Lexmark staff that engage with suppliers are expected to consider the environmental, social and governance impacts of engaging with a supplier prior to entering into a relationship with the supplier. Procurement staff are offered incentives to integrate ESG factors with supply-chain-related decisions because their performance impacts team and individual performance reviews.

Sustainability is integrated with the Lexmark supplier selection and retention processes. Rather than assign a weight to specific ESG factors in the analysis process, Lexmark has set EICC compliance as the minimum threshold for retaining existing suppliers and selecting new suppliers. Lexmark provides incentives for suppliers to adhere to EICC guidelines by offering long-term contracts, collaborating on production volumes, consolidating suppliers, and partnering on development projects.

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Our Products



We focus on the products we make to help ensure they are **designed, manufactured, delivered and used in the most environmentally efficient and socially responsible** manner possible.

The Lexmark product portfolio is a dynamic mix of long-lasting hardware, pure software and electronic data tools, and management services to support and direct it all. As our company continues to evolve, our commitment to being a thought and action leader in global citizenship remains a guiding principle for our business.

Here you can learn about our solutions to enable a more inclusive workforce for our customers, our leadership in cartridge recycling and packaging innovations, the results of our product lifecycle assessments, and many other product-related subjects.

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PRODUCT CROSS-SECTION

DESIGNING PRODUCTS WITH RESPONSIBILITY IN MIND

The conscientious way Lexmark designs products has an effect on the environment throughout the entire life cycle of the product.

Through the use of Product Life Cycle Assessments (LCA), Lexmark looks at the entire impact of the product and continually works to improve each phase of the product life cycle.

As a developer of products and solutions that include hardware, Lexmark designs are used for many years. This places an important weight on the up-front engineering design to help ensure our products have as low an environmental impact as possible during their lifetime.

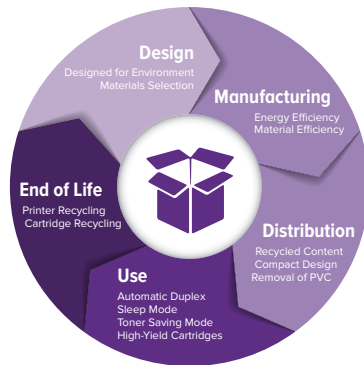
Our design efforts focus on minimizing environmental impacts in these essential areas that occur during the use phase of the life cycle:

- ACOUSTICS • MATERIALS • EMISSIONS • ENERGY USE

PRODUCT LIFECYCLE

Lexmark's Vision and Values guide the corporate culture of social responsibility. As an employer and global community member, Lexmark continually promotes sustainability in its business practices. As part of Lexmark's commitment to sustainable products, Lexmark has conducted Life Cycle Assessments on 26 of its product models in order to create and publish ISO 14025 Type III Environmental Product Declarations (EPD).

The LCAs provide Lexmark with the detailed environmental data required to generate EPDs, which are useful in summarizing the complex information in an LCA. LCAs technically evaluate the environmental impact of the product design, manufacturing, distribution, use and end-of-life of our products.



By incorporating the learning gained from LCA results into our product-design process, Lexmark can better develop products with lower environmental impact while maintaining high standards of performance and efficiency.

Each EPD conforms to the international standards ISO 14040:2006, ISO 14044:2006 and ISO 14025:2007 and follows the requirements of the Product Category Rules (PCR) for preparing an EPD for printers and multi-function printing units published by UL Environment (ULE) on Dec 12, 2012. The EPDs are third-party verified for accuracy and completeness.

The EPDs for three representative product models, the Lexmark MX711DE monochrome laser multifunction product (MFP), the Lexmark CX510DE color laser MFP and the Lexmark MS315dn printer are highlighted below.

Lexmark is committed to performing LCAs on all future product models as well as incorporating the knowledge gained from the LCAs into our product design process.

Some of the significant environmental indicators from the Life Cycle Analysis that were measured include:

- Climate Change/Global Warming Potential
- Non-renewable resource potential (abiotic depletion)
- Non-renewable primary energy demand

As an example of the practical usefulness of an LCA, the results for the Lexmark MX711DE mono laser MFP indicate that the impact of paper accounts for almost 87 percent of the global warming potential impact for this product. To look at it another way, far more energy is consumed producing and distributing a single sheet of paper than is used to print it. The production of a single sheet of paper consumes about 17 watt-hours, which is approximately 50 times the amount of energy to print a single sheet. LCAs on our printers reveal that Lexmark's commitment to "print less, save more" is an effective approach to improve sustainability efforts for Lexmark and its customers.

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LEXMARK ENVIRONMENTAL PRODUCT DECLARATIONS



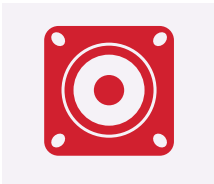
Click [here](#) to view the Lexmark MX711DE Environmental Product Declaration (PDF)



Click [here](#) to view the Lexmark CX510DE Environmental Product Declaration (PDF)



Click [here](#) to view the Lexmark MS315DN Environmental Product Declaration (PDF)



ACOUSTICS

Acoustics is the science of sound and vibration. Designing products for the environment includes consideration for sounds in the workplace. Lexmark printers offer an ideal combination of efficient performance and quiet operation to

enhance comfort in the workplace and to increase productivity.

Lexmark product designers assess our equipment acoustics and reduce unwanted noise while selectively incorporating helpful sounds. Our devices strive to meet the auditory requirements of Section 508 Subpart B § 1194.25 (e) & (f) of the amended (29 U.S.C 794d) of the US Rehabilitation Act of 1973.

Finding technical solutions to unwanted noise requires creativity and innovation. Since 2009, all devices are designed with a Quiet Mode feature. With this setting, customers can adjust the sound level of their printers to meet their personal preferences.

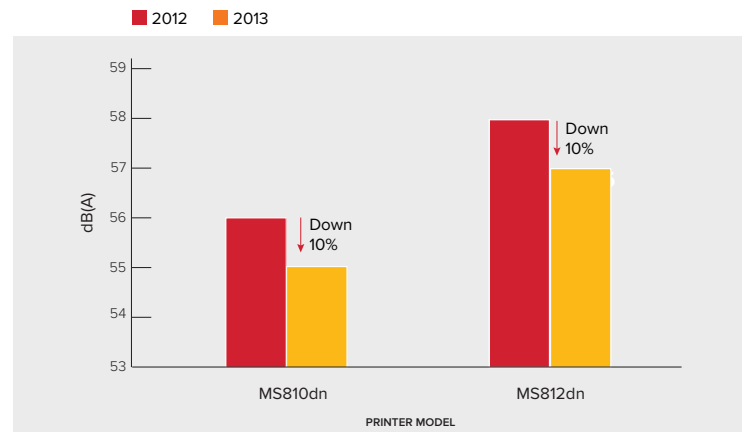
In 2013 product designers identified an opportunity for noise reduction in Lexmark MS81x printers by modifying materials in the printer frame. In this instance, the printing sound pressure was reduced by 10 percent.

Lexmark participates in the Blue Angel standard for environmental design guidance. The Blue Angel certification is the oldest environment-

related label in the world and one of the first to include noise levels in its certification criteria. All Lexmark devices meet the noise requirements in the Blue Angel specification RAL-UZ 171.

Lexmark's design team ensures that any sounds and vibrations are quiet and consistent throughout the life of our products. Lexmark products are subjected to continuous, ongoing quality audits by an outside ISO 17025 accredited acoustics laboratory.

PRINTING SOUND PRESSURE (PERCENT REDUCTION IN DUPLEX MODE)



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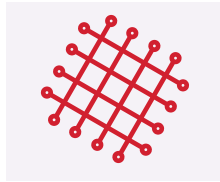
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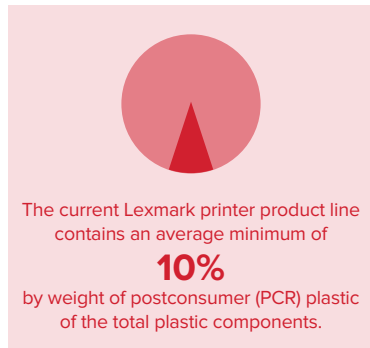
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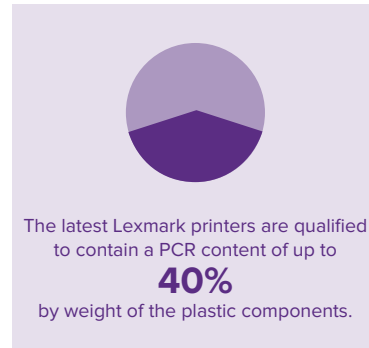


Lexmark evaluates the environmental impacts of our products throughout their life cycles. Through the design and material selection of our products, our innovative designs ensure a minimal impact on the environment. Our high-quality products contain the most favorable types and levels of materials, while complying with all relevant government regulations.

LEXMARK GOAL



LEXMARK PROGRESS



Due to the technical requirements of today's printing industry, our engineers must develop parts that integrate the unique properties of a wide range of materials. While the bulk of our materials are simple polymer and metal structures, we also use elastomers, semiconductors and ceramics. The largest quantity used in Lexmark products by volume are plastics, such as HIPS (high-impact polystyrene) and ABS (acrylonitrile butadiene styrene). Other plastics include acetals, polyesters, polyamides and filled or blended versions of these materials. Although these materials are usually manufactured from gas and petroleum feed stocks, their environmental impact can be offset by increased use of recycled plastic. Metal content in Lexmark printers is dominated by steel products sourced from both recycled and new materials. We use other types of metals and ceramic alloys in smaller components of our systems.

Post Consumer Recycled Content

Lexmark strives to optimize the use of postconsumer recycled (PCR) materials in our products. By using PCR materials, we can reduce both the consumption of natural resources and the amount of waste in landfills. Lexmark recognizes the environmental benefits of reusing metal content with the understanding that recycled metal stock can be used for some—but not all—metal components. Published industry averages indicate that many commercial grades of steel commonly contain between 30 percent and 80 percent recycled content. Lexmark is committed to using these grades of steel wherever possible.

On the other hand, the use of recycled plastic has historically been a challenge for the electronics industry. Despite technical and logistical challenges, Lexmark has successfully incorporated recycled plastic in our products. Lexmark works hard to maintain a leadership position in the generation of recycled plastic feed streams and use of PCR materials. Our sustained efforts in PCR development has allowed us to expand recycled content into over 30 printer models.

Lexmark was an early adopter of recycling. In the mid-1990s, we succeeded in incorporating recycled plastics in our Lexmark Optra series of printers with a controlled North American feed stream and closed-loop materials. In more recent years, new regulations and changes in consumer attitudes have created a demand for a higher quality of recycled plastic materials. Thanks to the increased availability of high-quality PCR plastics, Lexmark's latest laser printers are qualified to include significantly higher levels of PCR plastic as compared to previous generations: up to 40 percent by weight of the plastic components.

The use of recycled materials ensures that waste formerly destined for a landfill has a new destination and purpose. This helps to protect natural resources and indicates that Lexmark and our customers are making significant progress towards achieving sustainability goals.



Lexmark laser printer from the mid-1990's



Current Lexmark laser printer

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ESTIMATED MATERIALS* IN LEXMARK PRINTERS FOR 2013 (METRIC TONS/\$M REVENUE)

Metals	Plastics	Electronics
2.2	2.9	1.0

*Based on the materials used in our latest single function and multi-function mono devices. The category "Electronics" includes all wiring, boards, ceramics and connectors.

Closed-Loop Recycling

Lexmark continues our innovative closed-loop toner cartridge recycling operations. Through the award-winning Lexmark Cartridge Collection Program, our engineers can reclaim a feed stream of high-impact polystyrene plastic. After returning this material to near-new quality, the plastic is used to manufacture new toner cartridges. Lexmark is an industry leader in reclaimed plastic with 10 percent average postconsumer plastic content across all toner cartridges. Our goal is to increase the postconsumer plastic content of our toner cartridges to 25 percent by 2016.

Restrictions of Hazardous Substances

When specifying materials used in Lexmark printers, supplies and packaging, we evaluate compliance with material restriction directives and legislation. Lexmark complies with the material restriction requirements adopted under the European Union Recast Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Directive 2011/65/EU (RoHS 2). RoHS 2 restricts the amount of certain hazardous substances in electrical and electronic equipment. These hazardous materials include four metals (lead, mercury, hexavalent chromium, cadmium) and two brominated flame retardants (polybrominated biphenyl and polybrominated diphenyl ether). Since July 1, 2006, all Lexmark products, including cartridges, have been fully compliant with the RoHS directive.

As Lexmark develops new products, we work closely with our suppliers to ensure that all materials are compliant with the RoHS directive. We are committed to improving the environmental design of all of our Lexmark products and services. Reducing environmentally harmful materials, such as those listed in the RoHS directive, is a part of that commitment.

Registration, Evaluation, Authorization and Restriction of Chemicals

Lexmark works with our suppliers to ensure compliance with international material restriction regulations such as the European Union Registration, Evaluation, and Authorization of Chemicals (REACH) regulation. REACH seeks to improve public health and the environment by controlling the production and use of harmful chemical substances. In 2008, Lexmark completed the first steps of REACH, including pre-registration, material review and required communications for the initial release of the Substances of Very High Concern (SVHC) candidate list of chemicals. Considering chemical registration deadlines and the addition of new chemicals to the SVHC list, Lexmark will continue to monitor REACH developments and comply with all requirements of the legislation. More information about Lexmark REACH initiatives is available to our customers by request.

Montreal Protocol

In compliance with the Montreal Protocol, Lexmark prohibits the use of ozone-depleting chemicals in the manufacture and development of all products.

Paper

Lexmark tests our printers using recycled papers—specifically papers made with 30 percent, 50 percent, and 100 percent postconsumer recycled content. Our expectation is that recycled papers perform as well as new paper in our devices. While no official standard exists for office equipment use of paper, Lexmark uses European Standard EN 12281 as a minimum properties standard. To ensure breadth of testing, test paper includes 100 percent recycled papers from Europe and Asia, and tests are conducted at 8 percent to 80 percent relative humidity. Testing includes both automatic and manual duplex printing, which may pose challenges for some recycled papers.

Lexmark offers a limited number of environmentally preferable papers in Europe. Lexmark PerfectFinish™ photo paper is made with materials harvested from forests certified by the Programme for the Endorsement of Forest Certification. This paper is may be purchased at retail shops in Europe and on the European Lexmark website.

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Did You Know?

Customers using Lexmark devices have many choices when it comes to the types of environmentally preferable paper they can use. Customers can use general office paper that meets European Standard EN 12281 and has one of the following:

- Renewable content
- Recycled content
- Chlorine-free content

Lexmark Product Environmental Specification

Lexmark's Product Environmental Specification defines the minimum environmental requirements for the designing, manufacturing and marketing of Lexmark products and parts. The criteria is based on the latest global regulatory obligations, international treaties and conventions, and certain market demands. The Product Environmental Specification is reviewed annually to ensure the latest regulatory references are included.

To support these efforts, Lexmark operates a materials content data collection and management system. This system allows us to communicate with our suppliers about the substances of concern, to respond to customer questions and to address regulatory issues.

[Click here](#) for a link to Environmental Specifications and additional documents and forms (PDF).

Safety Data Sheets

[Click here](#) for current Safety Data Sheets.



EMISSIONS



Emissions from printers in the workplace are subject to the occupational exposure restrictions of individual countries for specific chemicals. Lexmark printers are tested throughout their development for emissions of styrene, benzene, ozone, total and individual volatile organic compounds, and total and ultrafine particulates. All laser printers emit small amounts of volatile organic compounds due to the heating of plastic parts, and they produce small amounts of dust (mostly paper remnants) as paper moves through the printer.

Blue Angel Certified Test Lab

Lexmark exclusively owns and operates one of only two existing Blue Angel certified chemical emissions test facilities in the western hemisphere. This investment demonstrates our commitment to provide industry leading products that comply with the highest standards of safety and sustainability.

There is no emission of CO₂ or other greenhouse gasses during the printing process as it does not involve combustion. In addition, emissions that fall in the "nanoparticulate" category are not solid particles of toner or toner components, but simply vapor created from the heating process that passes through the nano-size range as it condenses while cooling. Our laser printers do not emit more than trace amounts of ozone.

Internal Lexmark exposure studies have established that operator exposures to regulated printer emissions are orders of magnitude below the occupational exposure guidelines in any part of the world.

Lexmark printers are tested for emissions following the protocols of the internationally-recognized Blue Angel environmental certification program. Results are compared to the Blue Angel requirements, and summary reports are available to customers upon request.

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ENERGY USE



One of the most significant ways Lexmark magnifies our investments in and commitment to the environment is by developing the most energy efficient products and placing them within our customers' environments. This broadens the impact of our efforts far beyond what we can do within our own walls.

Laser Sleep Power History



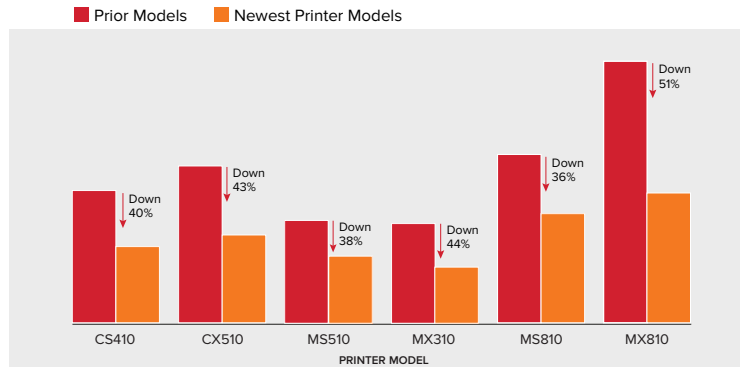
Lexmark's MS811 EC3 uses 2.9 watts of energy while in sleep mode. That's an 85 percent reduction in energy since 2005.

The majority of the environmental impacts of a printer occur when it is being used. Knowing this, Lexmark continually strives to update our products with innovative features that make them more energy efficient.

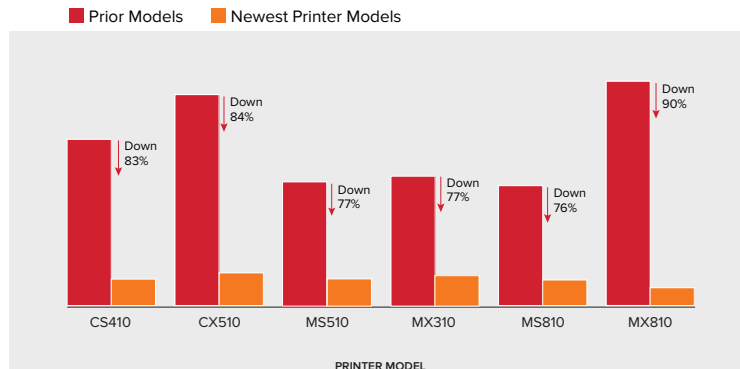
Lexmark set two goals last year to help ensure progress and we can now report that we have met each goal. All product families announced in 2012 have met the energy requirements of EnergyStar V2.0 and all new products announced in 2013 (and beyond) have a power consumption of 4 watts or less in sleep mode.

Moving forward, Lexmark will continue to reduce sleep mode power for our future products while aiming to ensure 2 watts or less in anticipation of 2019 EU requirements (European Union's EC 801/2013).

ENERGY STAR TYPICAL ELECTRICITY CONSUMPTION (PERCENTAGE REDUCTION)



SLEEP MODE ENERGY (PERCENTAGE REDUCTION)



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The demand for products that consume less energy, and ultimately result in lower emissions, is ever increasing. Our customers wish to lower their impact on the environment while simultaneously reducing energy costs.

Lexmark has made significant improvements to the products announced in 2012 to reduce the energy consumption of our laser printers and multi-function devices. These changes allow Lexmark products to apply for the stringent Blue Angel Eco Label, which requires all compliant products to have a sleep mode of 4 W or less.

Lexmark's 2013 product line reveals a significant improvement in energy efficiency over previous generations. Lexmark's printer line averages a

42 percent reduction in the ENERGY STAR Typical Electricity Consumption and an 81 percent reduction in energy use while the printer is in sleep mode compared to the previous generation of products. Coming on the heels of the improvements in 2012, these reductions in power consumption show Lexmark's continued commitment to being a leader in sustainability.

ENERGY STAR is a registered trademark of the U.S. Environmental Protection Agency. Typical Electricity Consumption and Sleep Mode Energy were measured in accordance with Energy Star Test Method for Imaging Equipment V1.2

PRODUCT CERTIFICATIONS



LEXMARK INCREASES ENERGY EFFICIENCY FOR ALL PRODUCTS ANNUALLY

Product Segment	2010 Energy Efficiency Metric	2011 Energy Efficiency Metric	2012 Energy Efficiency Metric	2013 Energy Efficiency Metric
Laser Products ¹	Fleet Average of 0.153 Energy Star TEC / PPM	Fleet Average of 0.150 Energy Star TEC / PPM	Fleet Average of 0.104 Energy Star TEC / PPM	Fleet Average of 0.091 Energy Star TEC / PPM

LEXMARK INCREASES ENERGY-STAR CERTIFIED LASER MODELS ANNUALLY

Product Segment	2010 Product Offerings	2011 Product Offerings	2012 Product Offerings	2013 Product Offerings
Laser Products	83.5 percent	89 percent	92 percent	93 percent ²

¹ Laser Products Energy Efficiency Metric is the ENERGY STAR TEC (Typical Electricity Consumption) divided by the product speed in PPM (pages per minute). Because the TEC metric increases products usage with the product speed, dividing by product speed normalizes the TEC value.

² While 93 percent of currently available Lexmark models are ENERGY STAR certified, nearly 100 percent (all but one model) meet the energy requirements of ENERGY STAR.

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ENERGY STAR®



Lexmark is committed to designing energy-efficient products, an increasing number of which are ENERGY STAR certified. Launched in 1992, ENERGY STAR is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy. ENERGY STAR is a globally recognized symbol for energy-efficient products and practices.

In 2013, ENERGY STAR released the ENERGY STAR Imaging Equipment Specification V2.0, the first major change to the specification since 2007. Lexmark recertified 86 percent of our current products to this aggressive new standard.

For a list of Lexmark models that are ENERGY STAR certified, [click here](#).

Blue Angel



The Blue Angel was established in 1978 in Germany and is one of the most prestigious environmental certifications worldwide. Lexmark has a long-standing practice of designing products to meet the Blue Angel standard for environmental design.

For a list of Lexmark models that are Blue Angel certified, [click here](#).

Electronic Product Environmental Assessment Tool



In accordance with Executive Order 13514, federal agencies are required to purchase environmentally preferable products with procurement preference for those that are Electronic Product Environmental Assessment Tool (EPEAT®) registered. Lexmark supports the U.S. government in its goals of environmental stewardship, energy efficiency and economic recovery. The EPEAT system and the environmental criteria for computers and monitors were originally developed in a multi-stakeholder process. The EPEAT environmental criteria are outlined in the Institute of Electrical and Electronics Engineers (IEEE) public standard, IEEE 1680. The system currently covers desktop and laptop computers, thin clients, workstations, and computer monitors (IEEE 1680.1).

IEEE 1680.2 was finalized in October 2012, and the EPEAT product registry was launched in February 2013. We continue to develop technology that reduces the environmental impact of our products. We currently have a wide array of products rated at bronze and silver levels, and we are working towards gold ratings.

For a list of EPEAT-registered Lexmark products, [click here](#).

Other Certifications

Lexmark pursues a number of other voluntary product environmental certifications worldwide. These certifications include the UL Environment/Canada Eco Logo (CCD-035), China certification HJ 2512-2012 (formerly HJ/T 302-2006) and Taiwan Green Mark.

The Eco Declaration—ECMA 370

Formerly known as IT Eco Declarations, ECMA 370 declarations provide objective and comparable environmental information. In June 2011, Lexmark signed the Industry Voluntary Agreement to Improve the Environmental Performance of Imaging Equipment Placed on the European Market on the EU Marketplace. By signing this agreement, manufacturers commit to make certain environmental improvements, including posting the Eco Declaration (ECMA 370) on a publicly available website.

To view the Eco Declaration listing, [click here](#).

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SOCIALLY BENEFICIAL SOFTWARE

At their core, software solutions from the Lexmark family are designed to improve the efficiency of our customers' businesses. In many cases however, our software solutions also drive significant environmental efficiencies and even impact society in other positive ways.

SOFTWARE TO ADDRESS CIVIL RIGHTS

Maintaining a high level of respect for the purpose behind civil rights regulations is essential for businesses to succeed today.

Regardless of what regulations affect a particular business, our deep industry expertise means we understand the compliance issues that our customers face. Lexmark and Perceptive Software offerings are ideally suited to support the data necessary to make the good intentions of our customers clear, defensible, and efficient. In fact, many federal and state government divisions rely on our technology to help them maintain compliance in their own organizations.

There are three key elements to ensuring organizational respect and compliance with civil rights regulations:



Our leading software drives data accuracy, provides secure long-term storage, offers tamperproof redaction of sensitive information, generates audit logs, and maintains strict access controls to name just a few important features.

Fundamentally, our technology not only provides accurate tracking and reporting, it helps companies ensure these important rights are respected.

Click for more information on solutions for industry-specific compliance:

[Process and Content Management Solutions for Compliance](#)

[Building Compliance Strategies](#)

CASE STUDY: NORTH KANSAS CITY HOSPITAL

“Perceptive has had a great impact on our quality of care,” Karen Arora, North Kansas City systems administrator, says. “The patients are the winners in the long run because now, instead of having to shuffle papers around, the nurses can actually be nurses.”

Software from Perceptive Software, a Lexmark company, eliminates paper from the process of bringing new employees into an organization. By converting HR forms into electronic forms work can be completed, tracked and validated for compliance and completeness, all electronically.

For North Kansas City Hospital, a driving force behind their document management project was human resources, where the weight of more than a million paper files for the hospital's 3,000 employees had the filing room floor in danger of collapsing.

Since the implementation of Perceptive Content, the overstuffed file cabinets have been completely eliminated—a dramatic and ongoing environmental benefit. Beyond that, the hospital also integrated doctors' orders into a Perceptive Content system that immediately links to patient records for processing, ensuring nurses get the supplies and equipment they need to better serve patients.

[Click here](#) to learn more about our successful transformation at North Kansas City Hospital.



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SOCIALLY BENEFICIAL SOFTWARE

ENVIRONMENTALLY BENEFICIAL SOLUTIONS

At Lexmark, we firmly believe that the most cost-effective and sustainable page is the one you never print. We design our Lexmark solutions to help our customers receive the maximum benefit from the minimum of resources. This focus on efficiency and waste reduction is not only good for the environment, it's also good for the customer's financial bottom line.

Lexmark software enables our customers to print less through industry-specific solutions, such as the paper-saving Banking Branch Capture solution designed for the Financial Services industry, and cross-industry solutions, such as Print Release. Lexmark Print Release facilitates printing from any networked device to any enabled printer or MFP. But it goes much further than that. The simple step of having a user confirm the "release" of a print job at the printer or MFP reduces duplicate print jobs and eliminates unwanted prints. Utilizing Lexmark Print Release alone typically reduces printed pages by 30 percent.

CASE STUDY: PAPERLESS OFFICE MATURITY MODEL



Our approach for Accounts Payable departments centers on the concept of reducing paper-based communications to increase efficiency. This is an example of the transformation Lexmark has undergone to shift

more and more of our business to environmentally sensitive strategies. In fact, our Perceptive Software division has developed a model along with the Institute of Financial Operations to gauge an organization's progress towards a "paperless office."

[Click here](#) to view the Paperless Office Maturity Model.

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ACCESSIBILITY SOLUTIONS

At Lexmark, we want to help our users be more productive. We are therefore committed to developing technologies that work to eliminate physical barriers to workplace success, making common tasks like printing or scanning a document accessible to everyone. We incorporate features that make our products more intuitive, less physically demanding, and easier to use for people with sensory disabilities. Designing for accessibility not only helps individuals with physical limitations be fully productive and successful in their careers, but it also helps address the broader issue of unemployment in the disabled community.

DESIGNING WITH ACCESSIBILITY IN MIND

The Lexmark MX711de offers easy access to a wide range of users. It can be placed on a caster base on the floor, and the display can be adjusted for easier viewing from a seated position. In addition, the optional Lexmark Accessibility Solution and Lexmark Accessibility Speech Solution can be installed for enhanced usability. With the Lexmark MX711de, all workers can conveniently copy, fax, email and scan.

Accessibility innovation at Lexmark is driven by the Lexmark Accessibility Council. The council includes product designers, software engineers, usability experts, solutions designers, and publication writers. To determine the best path for future generations of Lexmark products, the council monitors legislation and regulations, conducts research with customers and users, and consults with industry experts.

Equipped with data from various perspectives, the council works with the Lexmark development community to drive product design enhancements in current and future products, making them more accessible for all Lexmark solutions users. By applying the principles of universal design to our solutions, the Accessibility Council helps deliver accessible imaging devices and assistive software solutions so that all Lexmark customers can make the most of their unique skills and abilities in the workplace.

ACCESSIBILITY FEATURES AND SOLUTIONS

At Lexmark, accessibility is a key marker in every phase of our product development process. The following is a list of features added to Lexmark products to improve accessibility:



▲ Accessible height and reach:

Applying universal design principles help accommodate the height, reach and force needs of all users.



▲ Tactilely discernible numpad:

Raised areas on the 5 and Home keys help orient visually impaired users.



▲ On-device guidance:

Large, high-contrast pictures guide users to perform common tasks.



▲ Extra-large user interface:

Lexmark offers some of the largest color interfaces on the market for clearer icons and easier navigation

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ACCESSIBILITY SOLUTIONS

ACCESSIBILITY FEATURES AND SOLUTIONS (CONTINUED)



▲ **Adjustable display:** Users can tilt the display to optimize the viewing angle.



▲ **Lexmark Accessibility Solution:** Users can create job tickets with their computer or smartphone while using assistive technology, such as the JAWS® screen reader. When they enter a shortcut on the printer's accessible numpad, their job is released.



▲ **Lexmark Accessibility Speech Solution:** Users can press the asterisk (*) and 0 keys in sequence to hear an audio message about the printer's status, for example, "Tray 1 is out of paper."



▲ **Magnification:** Users with limited vision can magnify the user interface display by 200 percent.



◀ **Reverse Image:** Users with sensitivity to light can reverse the image so that the background is darker than the text.

MAKING LEXMARK SOLUTIONS INCREASINGLY ACCESSIBLE

At Lexmark, we've defined processes and methodologies to educate our staff, gather information and ultimately ensure that Lexmark products are increasingly accessible.

CUSTOMER FEEDBACK

User Input

The Lexmark Accessibility Council seeks input from customers with disabilities to better understand their unique requirements. We visit our customers to discuss how our printing and software solutions can increase productivity in the workplace. We also meet with them to see how they currently use Lexmark solutions and to hear their ideas and suggestions for future solutions applications. For example, in 2013 Lexmark created a customized version of the Lexmark Accessibility Speech Solution based on customer feedback. User input helps us optimize our accessibility solutions for continued effectiveness in the workplace.

Standards and Regulations

We are guided by current and developing standards and regulations that prescribe best practices in the development of office equipment, software solutions and communications. Section 508 of the United States Rehabilitation Act, European Standard EN301549, and Web Content Accessibility Guidelines (W3C WCAG 2.0) are examples of the many national and international standards and regulations that we apply to our designs.

Consultation With Experts

The Lexmark Accessibility Council has established external relationships with accessible design experts and accessibility analysts, such as the American Foundation for the Blind (AFB). We draw on their insights to improve the design of future products and solutions.

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ACCESSIBILITY SOLUTIONS

WEB ACCESSIBILITY

Lexmark web page designs are guided by WCAG 2.0. Lexmark uses elements of these guidelines to create web pages that are more accessible to visitors of different capabilities.

Compatibility with Assistive Technology

Lexmark includes design features that improve website accessibility for visitors who use screen-reader and screen-magnifier software, such as alternative text for images and graphs, list-oriented navigation, and header tags.

To ensure that our products are as screen reader-friendly as other more common Internet-enabled devices, our new internal, web-based application designs are informed by WAI-ARIA guidelines and attributes. In addition, we are working to make sure that our applications are available to visitors who may have disabled JavaScript.

Lexmark strives to create a positive experience for all users, regardless of the device used to access our site. For this reason, our site has been designed responsively to ensure mobile device users have the same experience as desktop users. Lexmark recognizes areas in our website that need improvement. We aim to make visiting our site a productive experience for all individuals.

ACCESSIBILITY EDUCATION

To increase awareness of accessibility challenges and inspire innovation, we host education seminars and Lunch and Learn sessions on the topic of accessibility. We also use online, internal collaboration tools to encourage informal discussion and problem solving.

Educating Solution Designers

The Accessibility Council hosts training meetings and webinars to inform Lexmark solution designers about the needs of the disabled community. These meetings may include information on design requirements, methods, and national and international legal design mandates. In 2013 the Council focused on expanding the global design team's knowledge of accessibility at the following Lexmark sites: Lexington, Kentucky; Shawnee, Kansas; Cebu,

Philippines; and Kolkata, India. The council also engages customers directly to collect information about their needs. They then provide that feedback to solution designers to enhance accessibility.

Educating the Greater Lexmark Community

Lexmark hosts share sessions on accessibility topics to educate the greater Lexmark community about the wants and needs of our customers with disabilities.

In 2013 Lexmark concentrated on educating our Quality Assurance organization, the Product Usability team and Lexmark Technical Support representatives. Lexmark is committed to ensuring that all users can easily learn to use our products in order to achieve their goals with a high level of satisfaction.

Educating the Sales Force

The Lexmark Accessibility Council educates the Lexmark sales force about accessibility issues so that they can then work with our customers' purchasing and IT personnel to find the best solutions for their workforces.

Through the Lexmark Sales University, the Lexmark Accessibility Council conducts education events for new account managers. The council also hosts customized refresher courses on accessibility for sales teams and Lexmark industry consultants.

[Click here](#) for more information on other Lexmark Accessibility Solutions.

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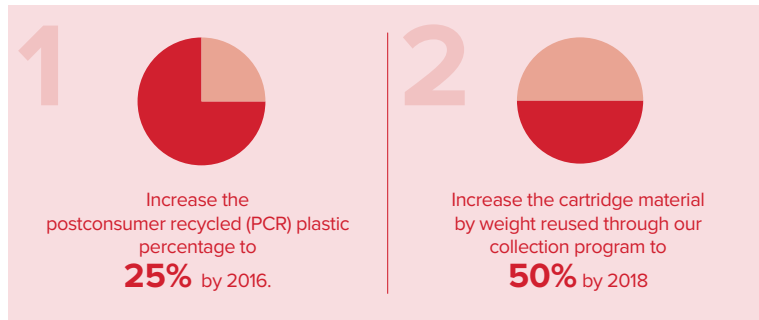


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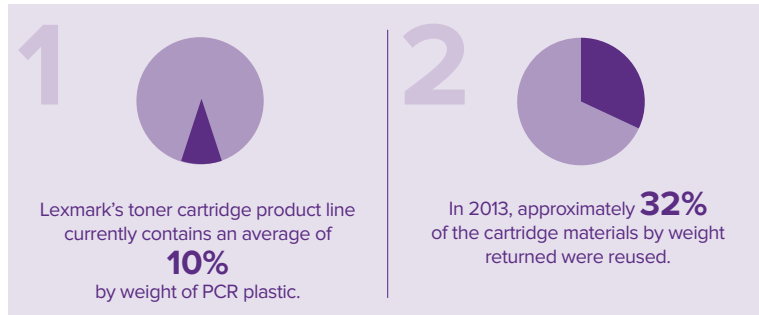
LEXMARK CARTRIDGE COLLECTION PROGRAM

Each year, the Lexmark Cartridge Collection Program (LCCP) prevents millions of Lexmark toner and inkjet cartridges from ending up in landfills. This program encourages our customers to return used print cartridges to Lexmark free of charge so that we can reuse and recycle them. Our collection programs are currently available in over 60 countries, which represent approximately 90 percent of our global market.

LEXMARK GOALS



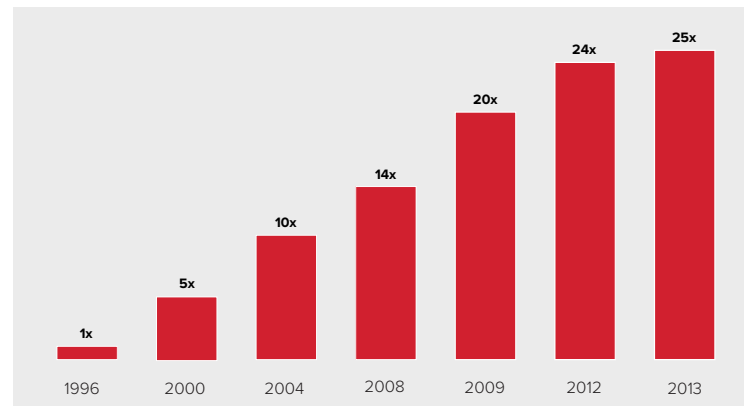
LEXMARK PROGRESS



One way to return toner cartridges to Lexmark is by placing the used cartridge in the new cartridge packaging and then applying the prepaid label to the carton for shipping. Other methods include bulk returns and container pick-up service. Pick-up service is designed for large-volume customers and may not be available in all countries or regions.

Our extensive cartridge collection network has made Lexmark an industry leader in the recovery, remanufacturing and recycling of used toner cartridges. In 2013, Lexmark customers returned more than 30 percent of the total toner cartridges shipped worldwide. In some regions, the return rate is higher. For example, the United States continues to average between 40 percent and 50 percent over the past several years. We estimate the industry average collection rates to be between 20 and 30 percent.

LEXMARK TONER CARTRIDGE COLLECTIONS
YEAR ON YEAR GROWTH



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SUPPLIES

This achievement is due primarily to our customers' exceptional commitment to the environment. However, Lexmark is proud to offer various incentive programs that make it easier to do the right thing. The following list represents only a few examples:



- C54x, X54x, CS31x/41x/51x, and CX31x/41x/51x Rewards Program**—Designed especially for users of our latest color printers, customers can earn free high yield toner cartridges and imaging kits by returning their empty cartridges to Lexmark.
- Lexmark Return Program cartridges**—Available for many of our most popular printer models, customers can buy toner and inkjet cartridges at discounted prices in exchange for agreeing to return the empty cartridges only to Lexmark.
- Expanded Cartridge Recycling Container Program**—Originally available in 25 European countries, Lexmark has expanded the use of cartridge recycling containers to customers in the Americas.

Our cartridge recycling containers are designed to be displayed at customers' locations to encourage recycling of both Lexmark toner and ink cartridges free of charge. Where available, customers using the containers receive Lexmark Eco Reports to help measure the sustainability benefits of their returned cartridges.

RESOURCE CONSERVATION THROUGH RECYCLING AND REUSE

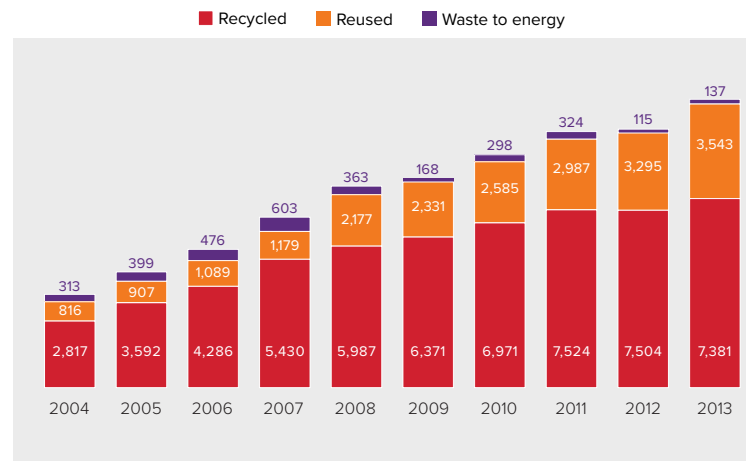
In addition to reducing landfill waste, the LCCP conserves natural resources through recycling. When handling used cartridges, we strive for the top levels of the standard environmental hierarchy. Landfill disposal and incineration are the least desirable options, while recycling and reuse produce

the greatest sustainability benefit for the environment. Therefore, Lexmark follows a zero-landfill and zero-incineration policy for all used cartridges that we collect. Of the empty cartridges returned to Lexmark, 100 percent are either reused or recycled.

Our objective is to maximize reuse. Since 1996, Lexmark has reused over 42 million pounds of recovered cartridge material by converting millions of used toner cartridges into Lexmark-certified reconditioned toner cartridges. The eligible cartridges are disassembled and cleaned, and then the critical components are replaced with genuine Lexmark parts. Finally, each reconditioned cartridge is tested to assure the same high-quality output and reliable performance as a new cartridge.

Between 2004 and 2013, Lexmark increased the absolute amount of cartridge materials reused through our collection program by over 400 percent. Last year, approximately 32 percent of the cartridge materials by weight returned to Lexmark were reused, and we hope to increase this percentage to 50 percent by 2018.

TONER CARTRIDGE MATERIAL RECOVERY
(METRIC TONS)



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If a returned cartridge is not a good candidate for reconditioning, it is deconstructed in such a way to maximize the materials recovered for use in secondary products. In 2013, we recycled or reused more than 10,000 metric tons of plastic, metals and packaging; and we were able to materially recycle or reuse 100 percent of the reclaimed plastic. Conserving materials for reuse in our products means fewer raw materials to be mined or extracted, thus reducing the impact on the environment.

Lexmark uses life cycle assessments (LCAs) to serve as a guideline when

considering product and process design improvements. An LCA is designed to evaluate the environmental impact of a product through each stage of its life, from the earliest materials extraction, through production, distribution, and use, and finally to the end of its life cycle. These studies consistently

confirm the value of the LCCP. Conducted by a third party in accordance with ISO 14040 and 14044, the Lexmark LCA cartridge studies showed that recycling a used Lexmark toner cartridge reduces the carbon footprint of those cartridges studied by nearly 50 percent over discarding it in a landfill. This value excludes paper consumed when printing.

USE OF POSTCONSUMER RECYCLED CONTENT

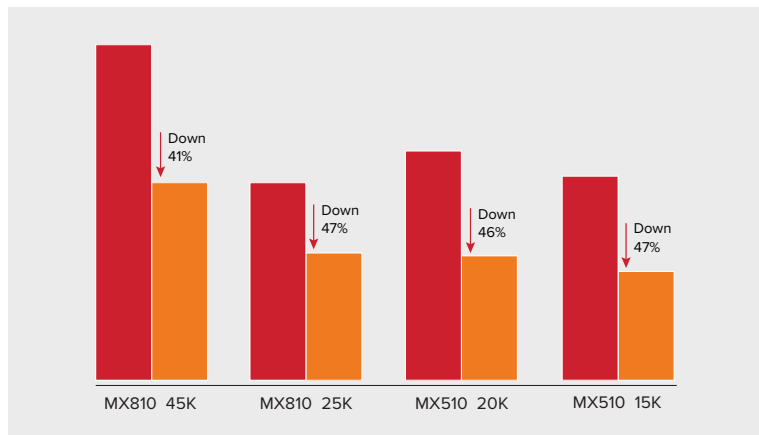
Lexmark continues to use postconsumer recycled (PCR) plastics to manufacture some of our toner cartridges. The 2013 toner cartridge product line contained an average of 10 percent PCR plastic by weight. For some cartridges, newly molded plastic components may contain more than 25 percent PCR by weight. Much of this is derived through a closed-loop process via the cartridge collection program. By 2016, our goal is to average 25 percent PCR plastic content across the entire toner cartridge product line.

RESPONSIBLE RECYCLING (R2) CERTIFICATION

Home to the Lexmark Cartridge Collection program, our recycling plant in Juárez, Mexico has achieved the [Responsible Recycling \(R2\) certification](#). R2 certification demonstrates our commitment to the environment and our compliance with industry standards and best practices. Operating in a LEED Gold certified facility, LCCP Juárez is also ISO 14001, OHSAS 18001 and ISO 9001 certified.

TONER CARTRIDGE LIFE CYCLE ASSESSMENT

- kg CO₂ if cartridge is sent to municipal solid waste stream (landfill)
- kg CO₂ if cartridge is sent to Lexmark for recycling



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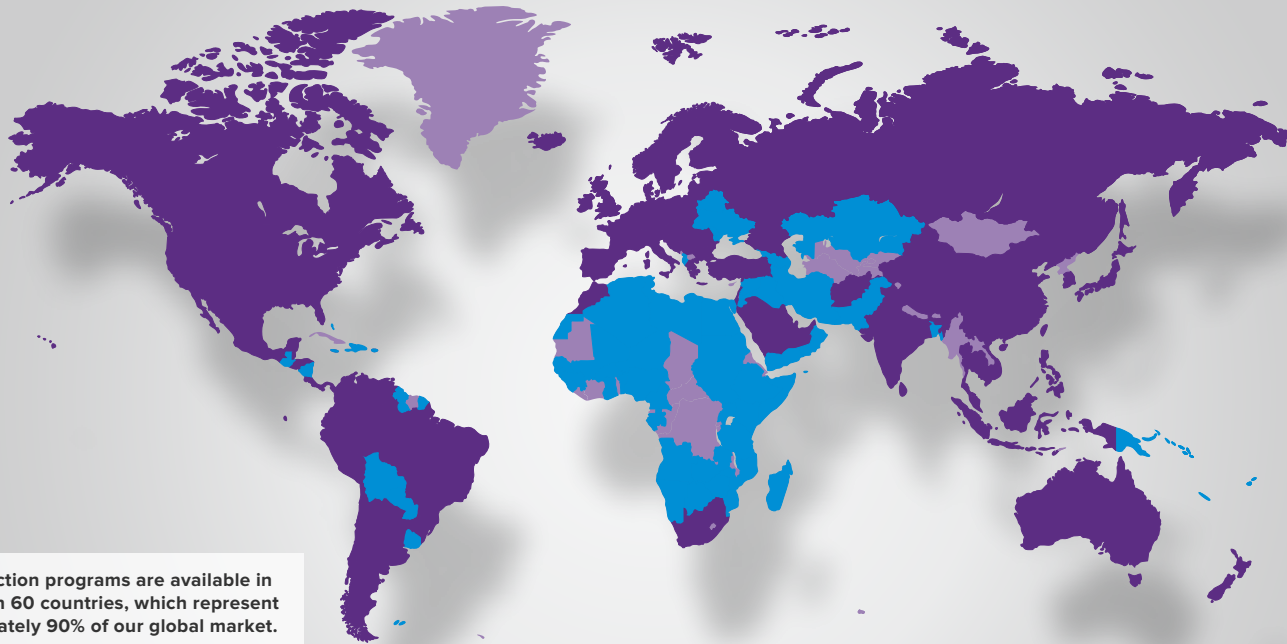
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LEXMARK CARTRIDGE COLLECTION PROGRAM



Our collection programs are available in more than 60 countries, which represent approximately 90% of our global market.

- Where we sell and collect (LCCP)
- Where we sell and may collect in the future

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CARTRIDGE RETURNS SUPPORT THE COMMUNITY

South Africa

The Cartridge Recycling Initiative for Babies (CRIB) seeks to protect both the environment and children. By returning empty laser and inkjet cartridges to Lexmark for recycling, customers can contribute directly to Cotlands, an organization that cares for abandoned and abused babies or those who have HIV-AIDS. Contributions to the fund are made on a per unit basis on both inkjet and laser cartridges. Since 2002, CRIB has donated more than 102,000 “Baby Days” to Cotlands. One Baby Day equals the cost of housing, feeding, clothing and caring for one child at Cotlands for the period of one day. In addition, 230 tons of empty cartridges have been kept out of South Africa’s landfills.



France

For the fifth year, Lexmark France is supporting the French Cancer League. One euro is donated to the French Cancer League for every cartridge collected through the LCCP. The league has launched a focused campaign dedicated to teenagers with cancer with the goal of improving their therapeutic and psycho-social management. Donations help support studies in epidemiology as well as research projects to help prevent cancer affecting younger patients.



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PACKAGING

PACKAGING DESIGNED WITH THE ENVIRONMENT IN MIND

We design our packaging with the environment in mind. For every product, the Lexmark packaging team carefully considers the following environmental concerns:

- The amount of packaging used
- The effects of packaging on shipping
- The types of materials used
- The recyclability of packaging materials

MINIMUM RECYCLED CONTENT OF PACKAGING MATERIALS

Material	Minimum Percent of Recycled Content Specified
Corrugated fibreboard	35
EPS foam	5
Molded pulp	100

During the design phase, Lexmark engineers determine the shipping requirements of each product. They consider the overall size of the product, its shape and the included accessories. The overall ruggedness of the printer is another significant factor: the more robust the printer is, the less packaging it requires.

At Lexmark, we apply eco-logic not only to printers but also to supplies and service parts. Our packaging materials are derived from both renewable and nonrenewable sources. Those derived from renewable sources include corrugated cardboard boxes, molded pulp cushions and wooden pallets. Those derived from nonrenewable sources include cushions made from EPS (expanded polystyrene) or EPE (expanded polyethylene), polyethylene bags, fasteners such as staples, twist ties and tape, plastic pallets, plastic strapping and plastic stretch wrap.

Less packaging lowers costs, reduces materials disposed in local landfills and ensures that goods are transported in the most efficient manner.

We quantify our efficiency through a life cycle assessment (LCA). Acting on our findings, we expect to reduce greenhouse gas emissions, save energy and conserve natural resources.

ESTIMATED PACKAGING MATERIAL IN LEXMARK MULTI-FUNCTION MONO DEVICES IN 2013 (METRIC TONS)

Plastics	Paper-based Board	Wood	Metal
338.5	1361.3	1009.1	12.2

RECYCLED PAPER BECOMES NEW PRODUCT PACKAGING

In 2011, Lexmark Mexico supply base management and the operations team saw an opportunity to make a positive change for the environment. Instead of recycling the paper used to test Lexmark toner cartridges, they envisioned reusing it in other areas of the business.



With the expertise of our supplies-packaging engineers, the teams collaborated to design a process that converts test pages into molded pulp cushions. Cost effective and practical, these packaging cushions not only provide excellent protection for our cartridges during shipping but can also be recycled. They are made from 100 percent post-consumer Lexmark waste.

Lexmark began using the pulp cushions in 2013. In the first year we were able to convert 653.52 metric tons of test pages, which saved the equivalent of over 17,000 trees.¹

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PACKAGING

For our efforts on this project, Lexmark was recognized as a Manufacturing Leadership 100 Award winner (ML 100) in the Sustainability Category. Presented by the Manufacturing Leadership Council, the ML 100 Awards honor businesses that shape the future of global manufacturing.

Data calculated using the Environmental Paper Network's Paper Calculator

ROLL-OFF PACKAGING

Lexmark high-end multifunction printers are protected by cushioned packaging to ensure safe delivery to our customers. Recognizing the opportunity to improve the customer experience, the packaging team set objectives to use more recyclable material and to make unpacking the printer easier.



Previously, Lexmark used foam packaging components to protect the printer. These have been replaced with easy-to-remove, corrugated wrap cushions that are readily recyclable.

For these larger, floor-standing models, the packaging team designed roll-off packaging that includes a ramp to help customers roll the printer safely from the pallet to the floor. Material in the pallet can then be easily separated and recycled. The base is made primarily from wood with a smaller amount of foam to stabilize the printer during shipping, and the foam attaches to the wood with fasteners. This non-permanent design feature ensures that the components can be recycled individually.

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ENCOURAGING INNOVATION



Innovation is core to Lexmark's business strategy. We focus our efforts on creating productive and efficient solutions that provide socially and environmentally beneficial attributes.

During training, our employees are encouraged to discover effective and eco-friendly ways of helping our customers and safeguarding the environment. Whether it's improved energy efficiency in our facilities or new ways of creating, packaging and shipping our products, all employees are challenged to think outside the box.

We offer our interns, engineers, designers, and other employees several opportunities to learn more about innovation and career development. To demonstrate the solutions that are produced by our creative participants, Lexmark holds the following events:

- **Entrepreneurial Challenge**—A platform for our employees to demonstrate new and innovative ideas that benefit Lexmark customers.
- **Career Start Symposium**—A showcase of student-intern and new-employee work, as well as helpful career development information and networking opportunities for all attendees.

- **Experience Design**—The Customer Connection—A series of speakers and panel discussions to teach how and why our customers use Lexmark products, as well as what customers like and where we can improve their Lexmark experience.
- **Research & Technology Symposium**—An event with keynote speakers, oral presentations, and technical posters. Forums and discussions include the latest technical industry issues that highlight the expertise and ingenuity of our engineering teams.

INNOVATIONS IN ENERGY REDUCTION

The Lexmark MS810 Series is a great example of our commitment to increasing energy efficiency through innovation. These printer models incorporate our latest energy improvements:

- Higher efficiency power supplies.
- More discrete control of the electronic system components.
- A more intelligent operating system that turns off sensors, lights, chips and devices while in sleep mode.
- A more intuitive interface to schedule sleep and hibernation modes.
- An instant warm-up fuser that significantly reduces energy consumption.



When compared to the previous generation of products, the Lexmark MS810 Series offers at least a 35 percent reduction in the ENERGY STAR® Typical Electricity Consumption measurement. In addition, it reduces power consumption during sleep mode by over 75 percent.

The energy-efficient design of the Lexmark MS810 Series meets the ENERGY STAR Version 2.0 guidelines. Thanks to Lexmark's commitment to gain significant reduction in energy use, our customers can quickly produce presentation-ready documents while reducing their environmental impact and costs.

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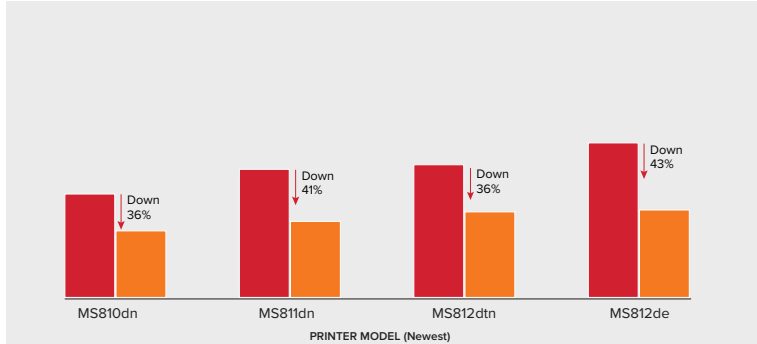
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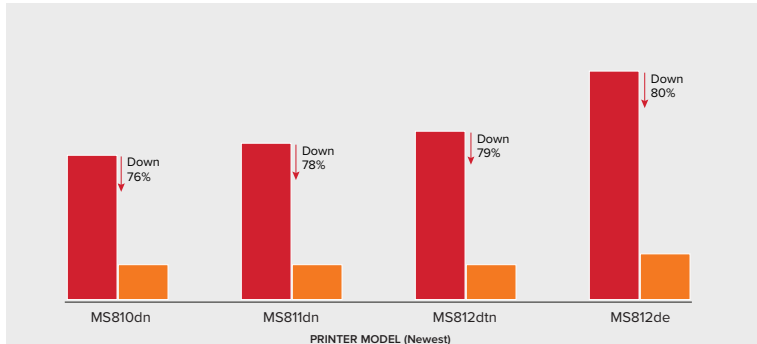
ENERGY STAR TYPICAL ELECTRICITY CONSUMPTION (PERCENTAGE REDUCTION)

■ Prior Models ■ 2014 Models



SLEEP MODE ENERGY (PERCENTAGE REDUCTION)

■ Prior Models ■ 2014 Models



INNOVATIONS IN PARTNERSHIPS: PERCEPTIVE SOFTWARE AND JE DUNN

In 2009 JE Dunn opened its 204,000-square-foot, LEED Gold designed and constructed headquarters, showcasing the company's commitment to using environmentally sustainable building practices and centralizing processes.

Yet this initiative was greater than a new building, it was the effort to build a leaner, greener, more efficient JE Dunn.

perceptive software
from Lexmark



Since its founding over 85 years ago, JE Dunn has grown into one of the largest general building contractors in the nation with \$2.7 billion in revenue and 20 offices coast-to-coast. To sustain that growth, the company restructured its organization, centralizing administrative support services and national leadership for its six JE Dunn Construction group operating companies under one holding company.

Executives knew that a centralized administrative approach promised operational efficiencies, and it looked to key technologies to take advantage of that opportunity. JE Dunn selected Perceptive Software enterprise content management from Lexmark to deliver on that promise, simplifying cumbersome manual processes while supporting green initiatives so that employees can focus on project delivery and clients' needs.

"Our partnership with Perceptive Software has allowed us to maximize internal efficiency and standardize support functions nationwide," says John Jacobs, JE Dunn Chief Information Officer.

Sending hard copies of invoices across the country for approval takes a considerable amount of time, materials and labor. Perceptive Software's ImageNow allows project managers at any work site to streamline the process: they can view invoices immediately, eliminating the delay and expense of mailing documents while minimizing paper use.

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JE Dunn supports a philosophy of “Think Green, Build Blue®.” This reflects the company’s commitment to using environmentally sustainable procedures and materials. ImageNow is an important part of meeting that commitment through cutting waste and protecting natural resources in everyday business processes. “ImageNow helps us practice environmentally sustainable procedures by greatly reducing the amount of paper we use and enhancing our efficiency,” Jacobs says.

INNOVATIONS IN TONER SCIENCE: UNISON TONER

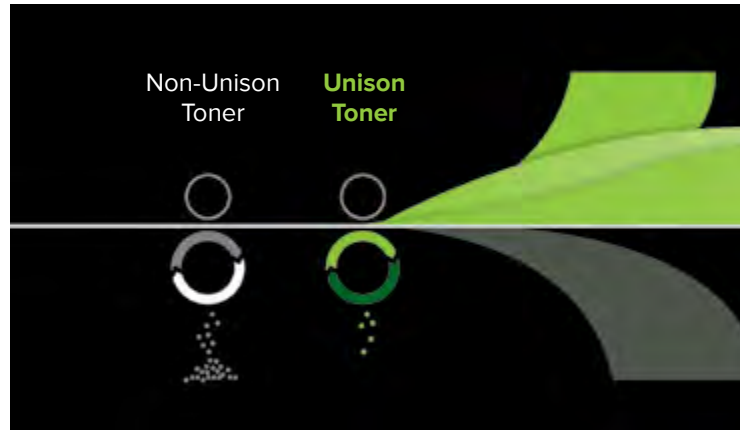
Unison Toner is Lexmark’s latest advancement in toner science. Unison Toner’s unique low-friction qualities increase toner flow and allow it to transfer efficiently to the page. Unison Toner has the lowest percentage of waste of any Lexmark developed toner; and because it prints at a lower temperature, Unison also uses less energy.

The development of Unison Toner prompted advances in cartridge design. The new toner cartridge no longer requires the user to shake it for maximum yield performance. Moreover, according to an independent Life Cycle Study, Unison’s cartridge technology has a per-page carbon footprint that is as much as 46 percent smaller than Lexmark’s largest competitor.¹

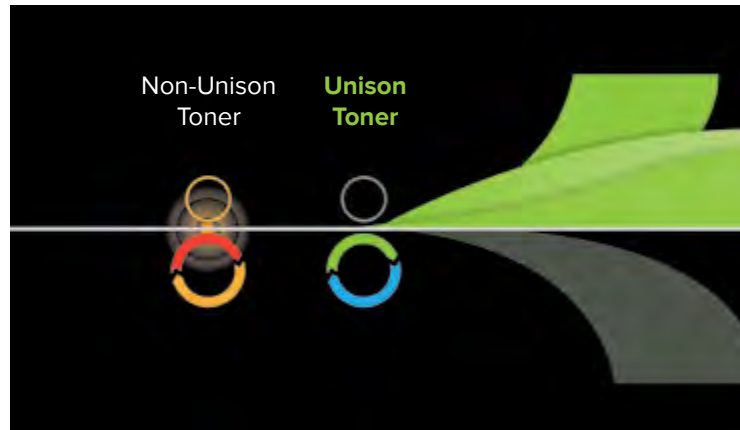
Thanks to its unique properties and new cartridge design, Unison Toner extends the usable life of each component, delivering long-term reliability, improving overall efficiency, reducing internal wear on long-life components and maximizing the life of the print system.

¹Based on a comparison of A4 cartridges conducted for Lexmark by WSP Environment and Energy, LLC.

UNISON TONER TRANSFERS EFFICIENTLY— LESS TONER WASTE



UNISON TONER REDUCES INTERNAL WEAR AND PROTECTS THE PRINT SYSTEM



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Global and Community Impact



Lexmark strives to be the kind of company that communities welcome, the kind of company that people in these communities want to work for because **we are a company that cares.**

Charitable giving, volunteerism, education, and commitment to diversity are part of the Lexmark culture. This genuine sense of connection makes our people, our communities and our business stronger.

In this section, we document our efforts to have a positive social impact through our relationships with our employees, our customers and the communities in which we live and work.

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Lexmark products and solutions are sold in more than 170 countries around the globe, and Lexmark facilities or offices are in more than 70 of these destinations. With such a broad footprint, it is imperative that our operations have a positive effect on the citizens of those communities in which we do business.

Here we summarize the extensive employee volunteer activities from 2013, particularly our efforts in the Philippines following Typhoon Haiyan and the October earthquake. Many other contributions and philanthropy are also included in this section.



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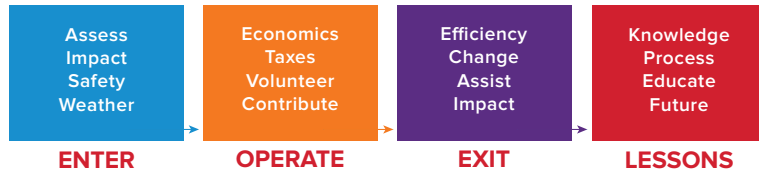
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COMMUNITY IMPACT

Where We Do Business

Lexmark products and solutions are sold in more than 170 countries. In addition, Lexmark owns or leases 5.0 million square feet of various facilities worldwide and has sales offices in more than 70 countries. Control centers are located in Lexington, Kentucky; Shenzhen, China; and Geneva, Switzerland. Lexmark conducts research and development activities in various locations including Lexington, Kentucky; Boulder, Colorado; Shawnee, Kansas; Cebu City, Philippines; Kolkata, India; and Apeldoorn, Netherlands. There are additional company-owned manufacturing sites in Boulder, Colorado and Juárez, Mexico.

Lexmark has programs and policies to guide decision making and operations for entering, operating in and exiting a community. This helps to ensure that we have a positive impact on the communities where we live and work.



PRIOR TO ENTERING A COMMUNITY

Before building or opening a facility, Lexmark carefully considers potential social and environmental impacts of doing business in a community. Our Corporate Real Estate and Facilities Team assesses all proposed locations, taking into consideration many variables such as the potential for severe weather like floods or tornadoes; the proximity, availability and reliability of police and fire departments; local crime statistics; government stability and the potential impact on local utilities and ecosystems within a 60 mile radius.

Whenever possible, we do business in locations with stringent environmental, safety and labor regulations that protect both the environment and local residents. The environmental screening tools and checklists used by the Lexmark Corporate Real Estate and Facilities Teams ensure that Lexmark sites are as energy efficient as possible before starting operations.

Whether Lexmark builds a new building or chooses to lease an existing facility, our preference is to use a previously industrialized area. This choice minimizes the deforestation and habitat destruction that comes with building in undeveloped areas. Moreover, it locates our operations near the homes of employees. This reduces commuting time and distance, which in turn increases alternative transportation options for employees (walking, biking, public transportation).

OPERATING IN A COMMUNITY

Although Lexmark does not have a global policy for granting preference to local residents when hiring, most employees are members of the local community and are provided with educational and skill-development opportunities. We also offer transfer programs where employees from one region can train in another region. These assignments may last from a few weeks to a few years.

A significant portion of Lexmark employees—including those in the United States, Mexico and the Philippines—work in locations that have minimum-wage rules. Lexmark is committed to rewarding our employees for their hard work. Lexmark and its subsidiaries worldwide offer salaries and benefit plans that are highly competitive in each of the countries in which we operate and compensation plans are frequently benchmarked to ensure that we remain competitive. By maintaining favorable salaries and benefits, we can attract and retain employees. Moreover, providing above-average employee compensation has a favorable economic impact on the markets in which we do business.

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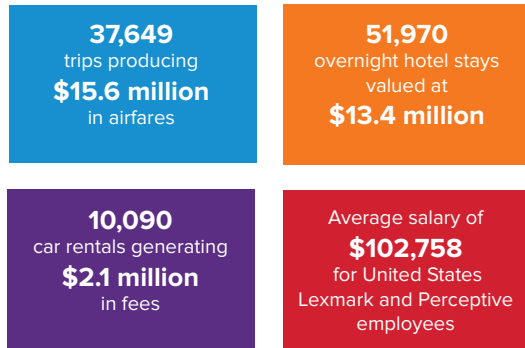
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Local utility companies, service providers, restaurants and retailers benefit from the patronage of Lexmark and its employees. Lexmark corporate taxes and employee wage taxes help support local governments and schools. These impacts are quantified in terms of dollars spent. The following table highlights some of Lexmark's economic impact worldwide.



Lexmark's commitment to our communities—including contributions of equipment, volunteers and financial support to social organizations—can also be quantified. In 2013 our employees volunteered and formally logged over 28,000 hours of service at more than 550 nonprofit organizations.

Lexmark has not conducted a formal community-needs assessment, but based on feedback from local citizens, charities and governments, needs and requests have been addressed when reasonably possible.

THE DECISION TO EXIT A COMMUNITY

Over the past several years, a changing product portfolio and demand for increased operational efficiency have resulted in the geographical movement of several Lexmark operations. Plant closures included an inkjet facility in Scotland (2006); inkjet supply manufacturing facilities in Juárez (2007) and Chihuahua, Mexico (2008); a circuit-assembly facility in Juárez (2009) and an inkjet development and manufacturing facility in Cebu, Philippines (2012).

Impacted communities deal with increased unemployment and a decreased tax base. To help reduce the loss, Lexmark takes care to leave a community in a responsible manner.

When exiting buildings, we ensure that the locations are clean and secure. Lexmark also makes every possible effort to avoid leaving a building entirely unoccupied. For example, the inkjet facility in Chihuahua was purchased by a developer who then leased it to a manufacturer. In Cebu, the inkjet supplies manufacturing plant was acquired by Funai Electric Company and Funai was able to retain many of the current employees. In both of these instances, Lexmark ensured that the existing buildings were not left unoccupied and that the new occupants would provide employment opportunities for the community.

We also comply with all local laws to ensure that employees and local governments are given notice of imminent changes. We support employees in their efforts to secure new employment, and in some cases, we are able to transfer some nonexempt employees to other Lexmark facilities. For example, prior to the Rosyth, Scotland closing, Lexmark created a well-resourced job center that displayed the latest job vacancies in the local community as well as the required skills needed to fill engineering, technical support and manufacturing jobs. Another example was when Lexmark exited the inkjet business in Lexington, Kentucky in 2012. Lexmark worked with state and local resources to facilitate quick access to unemployment benefit programs for impacted employees. Lexmark also sponsored a career fair that gave employees the opportunity to interview with other businesses in the community. Implementation of local development programs at Lexmark manufacturing control centers and sites helps ensure that, as our business changes, the negative outcome on the community and our employees is minimal.

LESSONS LEARNED

As Lexmark continues moving forward, we take what we learn and apply it to future engagements. Our procedures and policies are in place to effectively enter, operate in and exit a community. In order to measure our impact, we assess how our actions have affected the social and environmental progress of the community. We examine these results, refine our program strategy and improve our approach going forward.

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COMMITMENT TO VOLUNTEERISM

At Lexmark, we actively support the communities where our employees live, work and play. We empower and encourage our employees to take action and ownership at the local level, helping our communities as well as our neighbors in need. Each Lexmark region focuses its activities in areas that are meaningful to their community. Lexmark employees do a great job of coming together and helping where needed.

Lexmark encourages employees to get involved in their local communities by volunteering their time, talents and resources to the organizations and interests for which they have the most passion. Our Volunteer Time Off program and gift matching for disaster relief allow Lexmark to empower employees to give back to their communities and make a difference.

LEXMARK'S COMMITMENT TO THE PHILIPPINES

On November 8, 2013 as the world watched the strongest typhoon ever recorded, Super Typhoon Haiyan (Typhoon Yolanda), cut a path through the Philippines. One of Lexmark's largest locations is in Cebu City, which is near the center of the impact zone.

The typhoon's sheer scale of damage often overshadows the other major natural disaster that impacted this same region just three weeks earlier. A 7.2 magnitude earthquake centered less than 50 miles from Cebu City also

caused significant losses in the area.

Two natural disasters in less than a month had taken its toll on everyone in this region, but volunteerism and community service are consistently strong elements of the



Lexmark organization. Rather than retreating in defense or being overwhelmed by the devastation all around them, our Filipino team responded with a level of urgency, ownership, resourcefulness, and compassion that is an example to us all. The care shown for all those impacted by these natural disasters is an example of the resilience and volunteer spirit so often demonstrated by the Lexmark team.

Lexmark employees from across the globe also rallied to help our friends in Cebu. Remarkable work was done by Lexmarkers during the massive recovery effort. With the utmost respect for the losses experienced in the Philippines, highlighted below are a few efforts representative of the assistance provided by Lexmark employees.



Our Volunteer of the Year, Trixie Mendoza led a group of 50 volunteers to provide immediate relief from the earthquake for more than 400 families. Mendoza also traveled three hours from home to organize relief operations that benefited some 1,500 families. She also formed partnerships with international organizations to begin home rebuilding projects.



From Budapest, Hungary, Johanna Pal's personal contribution was turned into shelter for those in need by fellow employee Jerry Pare Misa from Cebu. The two had worked together while Pal was on assignment in Cebu. Misa managed to quickly turn the funds into straw tents and personally deliver them in heavily damaged areas.



From our corporate headquarters in Lexington, Kentucky, Erin Childress flew halfway around the world to be on the ground helping with the relief effort first-hand. In addition to securing and delivering large amounts of necessary supplies and helping rebuild, Childress also brought sweets to children surrounded by these tragic events.

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Due to the overwhelming outpouring of support, Lexmark matched, dollar for dollar, all donations given by employees with no limit. Beyond our corporate fundraising, many Lexmarkers also raised significant private funds and contributed thousands of hours on their own.

Lexmark is a global community, connected by a shared sense of respect for each other and the communities in which we live and work. Lexmark employees demonstrated resolve and compassion throughout the relief effort. Lexmark is proud of our employees who contributed in countless ways to the typhoon and earthquake relief efforts.

UNITED WAY

Lexmark locations around the globe support United Way. The support takes place as monetary donations, fund raisers and community care days. In the US, there is high level participation in numerous area fundraisers as well as Lexmark hosted events. The activities range from festivals and art sales to golf tournaments. Lexmark offered numerous “Care Day” volunteer opportunities including: completing maintenance work on women’s crisis centers, assisting The Salvation Army, the Council of the Blind and children’s centers, planting community gardens and gleaning produce at area farms.

In Juarez, Mexico, employees participate in monthly activities with the elderly and an orphanage through the United Way entity Fondo Unido.

Lexmark Latin America volunteers join with Southwest Social Services, one of the United Way agencies from Miami, Florida.

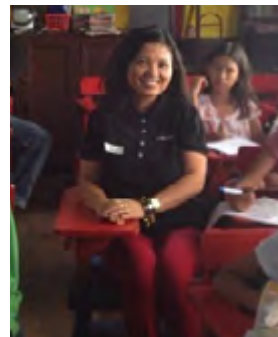
Canada employee, Ron Wells set out on a 70km run as part of a campaign to raise funds and awareness for the United Way. This effort collected money from across the globe and continues to be an inspiration to others.

Lexmark locations have received spirit awards from United Way. Lexington, KY received Live United, Top Large Company and Champions of Leadership from the United Way of the Bluegrass. Lexmark Canada received four 2013 York Region United Way awards: Community Spirit Award, Leadership Giving Award, Quantum Leap Award and Employee Campaign Award. Juarez received the honorable Empresa Ejemplo award.

At Lexmark, both individuals and teams made donations and offered their talents and skills to help those in need. In one example, a team of employees formed a committee called the SAPAK Outreach program which conducted activities for the 70 children that stayed at the SAPAK Farm, Compostela, Cebu. The committee brought corn grits and rice, assorted canned goods and noodles, vegetable seedlings that could easily be grown, school supplies and goody bags.

VOLUNTEER OF THE YEAR AWARD

Every year, the Lexmark Global Living the Vision Committee reviews nominated candidates and selects the Volunteer of the Year. The award is based on community needs, number of hours contributed, number of people affected and leadership. The award recipient is honored at an onsite event and Lexmark makes a donation to an eligible nonprofit organization or school of the winner’s choice.



The 2013 Lexmark Volunteer of the Year is Trixy Mendoza. Ms. Mendoza is a great example of how passion can make a big difference. She led groups to provide immediate relief for both the earthquake and typhoon that devastated parts of the Philippines. In addition, she is continually active in Lexmark Cebu’s adopt-a-school program and she volunteers in an outreach for abused children.

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NORTH AMERICA

In the United States, there are many organizations that Lexmark partners with for the betterment of the community. Habitat for Humanity, Junior Achievement, University of Kentucky, University of Kansas, Juvenile Diabetes Research Foundation, and The Nature Conservancy are a few of these organizations.

For the 7th year, Lexmark employees removed trash from the Cane Run Creek which runs through the Lexington campus.

Tree Plantings

Lexmark sponsored Reforest the Bluegrass for the 11th consecutive year and volunteers joined with the local community to plant trees.

Lexmark, PGA of America and The Nature Conservancy partnership planted 210 trees in St. Louis, MO and 33 large Oak and Elm trees in Rochester, NY. These trees were planted to offset the PGA of America's championships and to benefit the local communities where the championships were held.

Lexmark teamed up with The Nature Conservancy to plant 3,000 seedlings at the Jessamine Creek Gorge Preserve in central Kentucky.



Habitat for Humanity

Lexmark built its 16th house for a family in the Lexington community.



Lexmark employees and retirees gathered to put their skills to work. In Atlanta, employees have a Habitat for Humanity Volunteer Day during which the Atlanta office assists the project and Perceptive Software is a partner of the Heartland Habitat for Humanity in Kansas.

Outreach

Many employees volunteer to teach a Junior Achievement course to school age children for several months

Lexington employees volunteer with The One to One Reading Program. The organization trained volunteers to be literacy coaches and work with individual students at local elementary schools.

Boulder, Colorado volunteers continued their tradition of participating in a roadside cleanup.

Employees in Boulder volunteered for projects involving Attention Homes (youth transitional housing) and Impact on Education (school supplies assistance).

Perceptive employees volunteer with a community food network, Harvesters. Employees have a food drive competition collecting donations for Kansas City's only food bank.

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Diversity Network Groups

Lexmark Diversity Network Groups create volunteer events for employee participation. The Women@Work (W@W) diversity group organizes several volunteer activities throughout the year. In 2013, the group co-hosted several community events such as Young Women LEAD (Leadership, Education and Development) for high school girls in Lexington, Kentucky, the Youth Science Summit, and the BeBold Workshop for at risk teenage girls. The W@W group also assisted CASA (Court Appointed Special



Advocate) an advocacy program designed to represent victims of child abuse and neglect in the family court system. The Network Alliance of Black Lexmark Employees (N-Able) hosted a Black History Month with an Engineers Week twist. They invited students to explore the model lab and talk with engineers followed by a Black History Month celebration. The Gay-Straight Alliance of Lexmark Employees (GALE) group volunteers at the local PRIDE festival.

ASIA PACIFIC

Kolkata, India

Lexmark India continued work with the Indian Red Cross Society holding blood drives.



Employees worked in association with Pratyush to give children in need clothes, grains, household items and cash.

Through the Avenue Welfare Society, Lexmark India provided educational supplies and support to children.

Lexmark promoted awareness with the Greenpeace Environment Awareness desk in India.

In partnership with Iswar Sankalpa NGO, Lexmark India provided care, treatment and shelter to people affected by mental illness.

Lexmark India continued our partnership with SAFE (South Asian Forum for Environment) to promote better waste management and to a clean environment.

Volunteers worked with the Jibon organization to teach tribal women and teenagers handicrafts and assisted in finding a market to sell their product.



Cebu City, Philippines

Cebu employees met their goal of planting 3,000 trees in 2013 in their continuous mangrove reforestation efforts.

Lexmark Cebu adopted Pardo Extension Elementary School (PELS), donating

funds to renovate the computer laboratory and providing educational materials and equipment to improve the 6:1 student to computer ratio. More projects are planned for the school, including a feeding program and tutorial sessions conducted by employee volunteers.

A team of employees formed a committee called the SAPAK Outreach program which conducted activities for the 70 children that stayed at the SAPAK Farm, Compostela, Cebu. The committee brought corn grits and rice, assorted canned goods and noodles, vegetable seedlings that could easily be grown, school supplies and goody bags.

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EUROPE – MIDDLE EAST - AFRICA

Budapest, Hungary

After the record Duna River flood, Lexmark employees volunteered their physical and professional skills to assist impacted residents.



Peter Csucska from Budapest visited Danbantayan, north of Cebu and together with other Lexmarkers purchased materials for rebuilding houses in the area impacted by the typhoon. They distributed approximately two hundred food packages and construction materials.

Lexmark Budapest employees, family and friends volunteered at the Budakeszi wildlife zoo, where they painted the birdhouse, repaired and maintained pavements and cleaned paths. Lexmark also donated tools to the zoo.

A team of Lexmark Budapest volunteers cleaned garbage from a 12km path in Börzsöny.

Geneva, Switzerland

52 employees sorted shoes and clothes at the Caritas site and assisted people in need.

Employees collected clothing and shoes in the Lexmark Geneva office for community members.



LATIN AMERICA

Juarez employees volunteered at the Youth Vision Mission Inn where teenage students are assisted with housing, food and school supplies. Employees volunteered at the organization and recognized the work of the individuals who make the organization possible.

Lexmark Juarez volunteered at the Haven Youth and Aging facility. Employees and their children brought food and offered fellowship to the residents by reading and talking with them.



Juarez employees also assisted children at the Youth Eye of God.

Lexmark Mexico planted 300 trees in Desierto de los Leones. This was a continuation of the 2012 project where employees planted 350 trees.

Mexico employees collected food and school supplies for children in need and volunteered with gardening tasks.

In 2013 Lexmark Brazil employees planted 90,000 trees (7,500 per month). The trees were planted in partnership with Digital ND, as part of a program called Green Carbon.

Brazil employees collected treats for children at Esporte Solidrio Institute.

Latin America employees volunteered to complete needed community landscaping in Coral Gables.

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CONTRIBUTIONS AND INITIATIVES

Lexmark strives to be a good corporate citizen in the communities where our employees live and work, this is one of our key Lexmark Vision and Values. Our commitment to local, national, and global communities is evident in our financial contributions, as well as our equipment and volunteer support to organizations working to meet the challenges and needs of our society every day.

2013 US CHARITABLE MONETARY GIVING

United Way	\$.905M
Community Organizations	\$.347M
Education	\$.062M
Diversity	\$.074M
Red Cross	\$.107M
Total US Giving	\$1.495M

2013 WORLDWIDE CHARITABLE MONETARY GIVING

Asia Pacifica	\$.014M
Canada	\$.139M
EMEA	\$.081M
Latin America	\$.108M
Worldwide Total	\$1.837M

The tracked In-Kind gifts recorded in 2013 were \$.744M. Many gifts were not included; Lexmark is putting processes in place to collect this data worldwide. Lexmark did not make any charitable contributions that exceeded the greater of \$1 million or 2 percent of a charitable organization's consolidated gross revenues to any charitable organization for which a member of the Lexmark board of directors served as an executive officer. The board's conformance with this guidance prevents potential conflict-of-interest issues regarding our charitable giving practices.

SUPPORT OF UNITED WAY

Lexmark continues to be a proud supporter of the United Way. Employees find unique ways to raise money for United Way, including internal and community events. Lexmark not only supports the United Way through charitable giving, but also employee engagement and volunteerism.

UNITED WAY EMPLOYEE CONTRIBUTION AND CORPORATE MATCH

US	\$.905M
Canada	\$.118M
Mexico	\$.059M
Total	\$ 1.082M

SUPPORT FOR RED CROSS

Lexmark supports relief efforts in times of tragedy and natural disaster, especially in areas where we are part of the community. Lexmark employees are encouraged to make personal contributions to the International



Red Cross and Red Cross Crescent Societies or the Red Cross International Response Fund. Lexmark has a contribution match program to supplement the employee gifts, and Lexmark facilities around the globe regularly hold blood drives in partnership with the Red Cross.

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TOTAL RED CROSS GIVING INCLUDING EMPLOYEE GIFTS AND COMPANY MATCH

US	\$.107M
Canada	\$.021M
Mexico	\$.006M
India	\$.003M
Total	\$.138M

SUPPORT FOR STEM EDUCATION

Lexmark corporate giving continues to be focused around the improvement of STEM (Science, Technology, Engineering, Math) education. STEM initiatives such as the Science Pioneers Science Fair, Youth Science Summits, Women in Engineering, and partnerships with Universities are examples of a few of the many ways Lexmark supports STEM initiatives.



The Lexmark INSPIRE Award and the Perceptive Educating Excellence Award were created to recognize middle and high school teachers across central Kentucky and the Kansas City area with a monetary award in recognition of their outstanding contributions to STEM education. The award monies are used to support classroom-based needs that improve the learning experience for each student.

Lexmark continues to support the University of Kentucky in support of improvement in science, technology, engineering and mathematics (STEM)

education and outreach initiatives. The UK/Lexmark center was established to provide professional development to Kentucky science and math teachers, a lab for fieldwork-based ecology education, and a shared meeting room for community outreach.

In 2013, the support for STEM education has also grown to include our office in Budapest Hungary. Lexmark Budapest office donated 10 laptops and 5 desktop computers to a primary school. The donation improves the ability of the students to utilize technology in the classroom at an earlier age, thereby improving the young learners exposure to the many future possibilities of a STEM-based career. Additionally, many offices donate school supplies for children in their local communities.

In another example of STEM support, Lexmark hosts youth science summits and science and engineering fairs. In many cases, Lexmark facilities are used for these educational events providing increased support for the community.

PERCEPTIVE SOFTWARE HOSTS DODGE FOR A CAUSE

Many activities and donations take place throughout the year. At our Perceptive location in Shawnee, KS, Dodge for a Cause is a great activity for both employees and the community. It has been a profitable fundraiser earning \$12,000 in 2013 for JDRF. Over \$120,000 has been raised in support of JDRF for since 2006 when the tournaments began.

WORLDWIDE LEXMARK INITIATIVES

During 2013, Lexmark employees and their families responded in times of need in locations throughout the world. In addition to the action taken in response to the devastation in the Philippines, some of the other communities where aid and compassion were provided are:

India

India employees helped aid the flood devastation in Uttarakhand which caused over 5700 deaths and severe loss by giving 1 day of pay to the fund. To help area children, educational supplies and money were donated to the Avenue Welfare Society.

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GLOBAL CITIZENSHIP

Boulder, CO

In Boulder, CO, Lexmark and employees donated to help those affected by the flooding in Colorado.

Juarez, Mexico

Juarez, Mexico employees donated funds to help the thousands of people who lost their houses in the floods that many cities in Mexico were faced with.

France

Lexmark France supports the French Cancer League. For the fifth consecutive year, one euro is donated to the league for every cartridge collected through LCCP. 2013 donations of 50,000 euros helped support studies in epidemiology as well as research projects to help prevent cancer in young patients.

In France, Lexmark partners with Ateliers du Bocage, a French Emmaus organization, to collect cell phones and test them to determine their future usability. The obsolete phones are recycled for material and the others are cleared and repaired for reuse. This provides local jobs to those in need and phones are put into a program for disadvantaged individuals.

South Africa

The Cartridge Recycling Initiative for Babies (CRIB) seeks to protect both the environment and children. With every cartridge return to Lexmark, customers can contribute directly to Cotlands, an organization that cares for abandoned and abused babies or those who have HIV-AIDS. Contributions to the fund are made on a per unit basis. In 2013, Lexmark also participated in a golf day in support of CRIB. Since 2002, CRIB has donated more than 102,000 "Baby Days" to Cotlands. One Baby Day equals the cost of housing, feeding, clothing and caring for one child at Cotlands for the period of one day. For more information [click here](#).

Cebu

Lexmark Cebu joined the Roof for Relief Project initiated by Gawad Kalinga (GK) by raising a Php 76,800 (\$1,758) donation. GK organized the campaign

in partnership with The Islands Group and LH Foundation Inc., which aimed to provide roofs for more than 5,000 families affected by Typhoon Yolanda (Haiyan) in northern Cebu.

Cebu employees donated Php 375,000 for the renovation of Pardo Extension Elementary School in the Cebuano community. They also donated 13 laptop computers and 2 printers.

Mexico

Lexmark Mexico sponsored surgeries of 10 children with medical conditions by donating gifts-in-kind valued at \$218,330. Toys were also collected and given to the children in the center.

POLITICAL CONTRIBUTIONS AND LOBBYING

Lexmark is committed to transparency in its political dealings and relationships. To view Lexmark's policy on political contributions [click here](#).

Lexmark is committed to complying with local laws related to the disclosure of political dealings such as those that require reporting of political contributions to the appropriate state or federal political and/or ethics authorities and publication on their respective websites. No financial or in-kind political contributions have been made in the United States or non-U.S. countries where we do business or at the national level in the United States.

Lexmark employs the services of a remunerated attorney advocate from time to time. This advocate is remunerated for providing Lexmark with guidance on proposed and enacted legislation, and communicates the applicable Lexmark position on legislation to interested parties and/or stakeholders.

Country of major operation*	2013 Total monetary value of contributions
United States (HQ)	\$0
Mexico (Mfg)	\$0
Phillippines	\$0

* No reporting required for the countries of Europe, the Middle East Africa, Australia, and New Zealand because no major Lexmark operations (R&D, manufacturing or HQ) are located in those geographies.

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COMMITMENT TO EMPLOYEES

EMPLOYEES

Lexmark is committed to promoting a diverse and inclusive business culture where employees can reach their full potential. We strive to show continuous progress in the hiring and promotion of people with diverse thoughts, experiences and backgrounds, as well as under-represented groups such as women and minorities.

Lexmark recognizes the value of tracking the turnover rate of our employees in the many countries we operate. We monitor employee turnover rates and layoffs. However due to the sensitivity of the subject, we do not disclose the details.

DEMOGRAPHICS BY RACE, ETHNICITY, AND GENDER

Lexmark monitors its workforce breakdown based on gender, and race or ethnicity in accordance with ILO (International Labour Organization) convention No. 111 and No. 100. These include analyses of under-represented groups in management positions and remuneration.

EMPLOYEES

Region	Employees	Temporary Contractors/ Contingent workers	2013 New Hire Employees
Asia Pacific	2853	336	164
Europe _ Middle East – Africa	1529	467	344
Latin America	3285	551	1323
North America	4121	1629	328
Total	11788	2983	2367

1 percent of Lexmark employees are part time.

EMPLOYEES BY JOB LEVEL

Employee Category	Employees
Vice President	64
Director	198
Senior Manager	88
Manager	1052
Individual Contributor	10386
Total	11788

BOARD OF DIRECTORS

The Lexmark board of directors comprises 12 directors. Two of the 12 board members (17 percent) are female while 2 (17 percent) are African-American. Eleven of the 12 board members are over 50 years of age. One of the seven executive management team members (14 percent) is female and one (14 percent) is Hispanic. Three of the team members (43 percent) are over 50 years old while four (57 percent) are 30 to 50 years old.

EMPLOYEE ENGAGEMENT

Employee engagement is an important part of the Lexmark community and culture. Communication is the core. Quarterly All Employee, Quarterly Business Division and departmental staff meetings all occur regularly. These meetings allow for individual contributor interaction with management and keep employees current. Employees have many opportunities to be engaged in corporate social responsibility. Recycling and conserving is common practice for employees. Volunteer activities are frequent and available for participation. Diversity Network groups and Social groups create activities that welcome employees to join in and make a difference in the world around them. Lexmark has a group of Environmental Advocates that are focused on promoting sustainability activities and education.

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HUMAN RIGHTS



Lexmark's commitment to human rights is outlined in our Human Rights Policy and in the Lexmark Code of Business Conduct. These policies address nondiscrimination, workplace safety, child labor, forced labor and human trafficking, working hours and minimum wages and freedom of association and collective bargaining. A team of 14 personnel was involved in the development and implementation of the [human rights policy](#).

Lexmark is committed to providing a work environment free from harassment or discrimination based on race, color, gender identity, national origin, age, disability, veteran status, or for any other unlawful violation. This policy is driven by our respect for the dignity of the individual and our commitment to treating all persons equitably. We investigate all credible complaints of discrimination brought to the attention of management in an expedient and non-retaliatory manner. Any employee who is found to have engaged in harassment or discrimination according to the terms of this policy, or to have misused their positions of authority in this regard are subject to immediate

disciplinary measures, up to and including dismissal. For reasons of privacy and legal limitations, Lexmark cannot disclose information about specific cases. Actions taken in response to incidents include the review of the incident as well as the development and implementation of remedial plans.

Lexmark upholds the human rights of our employees and treats them with respect as understood by the international community. Lexmark closely monitors our operations to ensure that our company complies with international regulations. Lexmark International has not been involved in any human rights controversies and has never been cited for any human rights violations, including incidents of indigenous rights violations of employees or in communities near existing operations that are likely to be affected by planned or proposed future operations. Lexmark maintains a good reputation worldwide by ensuring that our practices positively impact the communities where we live and work. This includes avoiding operations that could potentially infringe on the human rights of our employees or the indigenous population near our facilities and training our security personnel (18 full-time, approximately 150 contingent workers) in the organization's policies and procedures for human rights issues and their application to security.

Lexmark employees are covered by collective bargaining agreements where required by law, including 667 employees or 6 percent of the total workforce. Lexmark respects the conventions of the International Labour Organization (ILO), which promote workers' rights, fair-employment opportunities, and open channels of communication among employees. Lexmark honors its employees' free choices and complies with all state and federal workplace laws and guidelines, including those associated with labor-organizing activities. Works councils are established at some Lexmark European locations which require employers to provide company information for review and to engage in worker consultation on certain company decisions. Information on the European Works Councils is available at [etuc.org](#). At Lexmark, there has never been a situation where employee rights to exercise freedom of association for collective bargaining has been at risk.

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Other ILO and United Nations Global Compact initiatives include the abolition of forced labor, freedom of association, and prohibition of child labor. These initiatives are explained in the Lexmark Code of Business Conduct to which Lexmark and applicable Lexmark suppliers are bound. The Code of Business Conduct also describes the Lexmark Freely Chosen Employment Policy. Our periodic reviews have never found any of our operations to have significant risk for incidents of forced or compulsory labor, child labor, or young workers exposed to hazardous work . All Lexmark operations have undergone human rights review or human rights impact assessments in accordance with Lexmark's adherence to the Electronic Industry Citizenship Coalition (EICC) Code of Conduct and Lexmark's Code of Business Conduct

In our experience, open communication and direct engagement between workers and management are key factors in resolving any workplace issues. Whenever possible, Lexmark typically provides employees with a 30 day notice of significant operational changes that can substantially affect them.

EQUAL EMPLOYMENT OPPORTUNITY

Lexmark is committed to equal employment opportunity (EEO) in all areas of our operations. All Lexmark business activities and employment-related activities are administered without regard to race, color, religion, gender, sexual orientation, gender identity, national origin, disability, age, or veteran status.

While Lexmark does not have a global policy for granting preference to local residents when hiring in significant locations of operation, the majority of employees at each location are hired locally and have continuing education opportunities to develop skills for job advancement. We also have a geographic-transfer training program that gives employees the opportunity to transfer locations from a few weeks to a few years.

New Lexmark employees are required to understand and abide by the Code of Business Conduct, which addresses EEO and aspects of human rights relevant to our operations. All employees are required to review the Code of Business Conduct every year. Lexmark requires managers to be trained on the human rights aspects of EEO policies.

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COMMITMENT TO EMPLOYEES

EMPLOYEE HEALTH AND SAFETY



The health and safety of our employees is a priority for Lexmark. We strive to offer workplaces that are free from unsafe equipment, situations and practices; so we monitor facilities for safety issues on an ongoing basis.

OHSAS 18001 is an international standard providing requirements for an occupational health and safety

management system. Lexmark's 18001 management systems provide a framework for controlling occupational health and safety risks and improving performance. All Lexmark-owned and leased manufacturing facilities in Boulder, Colorado; Cebu, Philippines; Lexington, Kentucky and Juárez, Mexico have received OHSAS 18001 certification. To ensure that our facilities are ISO 14001 and OHSAS 18001 certified, Lexmark pays as much as \$8,000 per facility for fees related to certification.

The effectiveness of the Lexmark Safety Program is measured by completion of OHSAS 18001 objectives and targets as well as internal audits and top management reviews of our safety management system. These audits and reviews are conducted in conjunction with the conformance audits required as part of OHSAS recertification. We use these findings to improve our internal processes and promote best practices across our operations. Lexmark employees are involved in setting the objectives for our health and safety management systems.

All Lexmark facilities are guided by our corporate environmental, health and safety instructions, which define the essential programs that each facility must manage to meet the objectives of our health and safety policies. At Lexmark, it is mandatory to develop written programs that ensure legal and regulatory compliance. Any changes to health and safety procedures are communicated to all applicable employees through bulletin boards, internal website postings, electronic communications, handbooks and meetings with managers. Lexmark employees are not represented by trade unions; therefore, there are no formal work agreements that address health and safety. All of our main locations have safety committees that are made up of up to 25 percent of Lexmark total employee workforce. The members of these committees represent the interests of all workers. For more information on Lexmark's Health and Safety Committees, [click here](#).

Lexmark also has corrective and preventive action teams, which work with responsible personnel to address nonconformities, monitor and report on progress, and determine if actions are completed. Internal audit teams determine the effectiveness of actions taken in order to address nonconformities with the Health and Safety Management System.

All employees and contractors with jobs that require training receive health and safety training annually; and they are encouraged to report concerns about health and safety issues. Online courses, instructor-led classes and on-the-job training are offered to all employees and contractors depending on what best meets their needs. Training requirements are determined by health and safety program managers, as well as employees' direct managers, and are based on job requirements, equipment and materials usage, regulations, and other factors. The safety performance of subcontractors is reviewed during initial contract discussions. Subcontractors must have proof that their employees are properly trained and aware of all health and safety aspects of the jobs they will perform on behalf of Lexmark.

Compliance and safety teams conduct inspections on a regular basis. To ensure that actions are completed in a timely fashion, findings are documented, entered in the corrective- and preventive-action system, and tracked. Follow-up inspections verify completion and effectiveness of the actions taken. Best-practice measures are then implemented in other areas or sites.

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Each Lexmark manufacturing and development facility is required to maintain an emergency preparedness plan as well as an emergency response team. One feature of emergency preparedness training is an icon on the Lexmark internal website that plays audio of the tones associated

with a fire alarm and a tornado warning. The 2013 global Lexmark overall OSHA reportable injury rate was 0.42, compared with an industry average of 1.0. The annual lost work day rate was 1.6. Lexmark has not had any reported occupational diseases or work-related fatalities.

INJURY RATE

Lexmark Location	Injury Rate		Annual Lost Work Days		Work related fatalities		Occupational Diseases	
	2012	2013	2012	2013	2012	2013	2012	2013
Boulder, CO	3.95	3.58	21.8	11.8	0	0	0	0
Juarez, Mexico	0.48	0.44	22.1	5.8	0	0	0	0
Lexington/North America	0.41	0.46	1.7	0.4	0	0	0	0
China TSC	0	0	0	0	0	0	0	0
Cebu, Philippines LRDC	0.05	0	0.1	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Total	0.35	0.42	5.1	1.6	0	0	0	0

ISO 14001 CERTIFICATES

[Lexington, Kentucky Certificate](#)

[Boulder, Colorado Certificate](#)

[Budapest, Hungary Certificate](#)

[Cebu, Philippines Certificate](#)

[Juárez, Mexico Certificate](#)

[Shenzhen, China Certificate](#)

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COMMITMENT TO EMPLOYEES

CONTINUING EDUCATION AND CAREER ADVANCEMENT

At Lexmark, we encourage professional and personal growth for all employees. We support continued education, networking and on the job experience as a way to help our employees become more effective in their current positions and develop skill sets for future positions. Development plans are utilized to identify opportunities and highlight career goals, interests, strengths and development areas for employees in both the short and long term.

These plans are the basis for identifying continuing education and ongoing learning activities, movement through succession planning, as well as career advancement and growth.



Each year employees update their career goals and development plans in the internal HRIS system in preparation for two different conversations with their managers regarding career

goals and development plans. In addition to their managers, employees are encouraged to recruit a mentor to provide guidance and support.

Continuing education opportunities include a tuition-reimbursement program for external courses and degrees. The requirements and benefits vary by Lexmark location, but the program provides financial assistance to employees who wish to continue their education by attending undergraduate or graduate courses. Additionally, funding for external training programs varies by location and is provided to develop employees' skills, knowledge, and abilities. Education is offered to employees preparing for retirement, and during times of restructure, transitional education is available.

CONTINUING EDUCATION TRAINING

Employee Category	Number of Employees	Average Training Hours
Exec Vice President	64	26
Director	198	26
Senior Manager	88	40
Manager	1052	40
Individual Contributor	10386	40

These numbers are based on the corporate-level systems that capture employee development activities and do not include formal education paid for in part by Lexmark. Therefore, the actual hours are greater than reported in some employee categories.

Lexmark offers a Technical Rotation Program. The purpose of this program is to recruit and hire top, diverse, entry-level talent and expose them to various parts of the business to better prepare them for future leadership roles (technical and/or managerial). This is a great opportunity for the participants to rotate through multiple areas of the Lexmark organization while learning technical, business and leadership skills.

In-house learning opportunities include extensive training in technical and business skills, delivered both at the corporate level and through resources in various business areas. Learning occurs through instructor-led courses and around the clock through iLearn, the Lexmark worldwide online learning platform which offers extensive libraries that include proprietary courses. At the corporate level, leadership training and participation in companywide development programs are offered. Employees work on projects such as operational excellence, change management and lean transformation competency and can earn Lexmark certification. External certifications such as ASQ Certification are also supported by Lexmark with classes and financial assistance.

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All employees are required to complete the Code of Conduct and IT Security programs every year. In 2013, the courses Blue Ocean and Competing Values Framework were offered to all employees to learn more about the strategic direction of our company. Courses critical to learning about legal compliance such as Global Anti-Corruption and Your Role in the Control Structure are popular, and various courses, such as EEO Training in the United States, are required every year, based on the Lexmark location.

The most popular courses worldwide include Basics of Effective Communication, Communicating Across Cultures, and Communicating Clearly and Solving Problems as a Team. Additional examples of global course offerings include structured training to help employees better understand one another and work more cohesively in an international environment. Additional courses with a focus on on-boarding are offered, as are open-enrollment sessions to learn more about our business. In the United States, new managers are required to attend at least 24 hours of training and similar standards are imposed worldwide.

The Lexmark Educational Leave of Absence allows employees with at least two years of regular employment, and who have demonstrated professional ability and potential, to enhance their educational experiences and resumé for the mutual benefit of employees and Lexmark. Approval is based on the relevance of the study program to Lexmark goals and interests, academic and work records, and the business needs at the time of the proposed educational leave. The duration of an educational sabbatical depends on the time required to complete the approved course of study, but it is typically no more than four years. Lexmark provides retirement-planning assistance through online and on-site workshops offered by our 401(k) partner.

All of our regular, worldwide employees work with their managers to create performance management objectives that support department, division and company goals. Success criteria are established for each objective. Employees then use a system-based, multi-rater feedback tool and other forms of data gathering to solicit feedback on their performances measured against their objectives. Eighty-five percent of Lexmark employees participate in this process. The 15 percent that does not participate in this process are hourly workers in two plant locations and do not have access to the system containing the multi-rater tool. These employees use site-specific processes and tools to set and review performance goals. Managers and employees have performance-progress discussions at the end of each review period.

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BENEFITS AND COMPENSATION

Lexmark and our subsidiaries around the world offer benefit plans that are very competitive in each of the countries in which we operate. Plans are benchmarked frequently to ensure that compensation and salary levels remain competitive, which means we can attract and retain quality employees in each region. Offerings include defined benefit and defined contribution plans that cover certain regular employees. We also provide medical, dental, and life insurance plans for U.S. retirees and retirees from certain non-U.S. subsidiaries.

Lexmark is continually evaluating how we can better support the needs of our employees and their families. External benchmarking is conducted periodically to ensure that we remain competitive. Our employees' feedback gives us insight into how we can help add balance to their busy lives and make Lexmark an even better place to work.

Part-time employees in the United States are eligible for the same benefits (some on a prorated basis) as full-time regular employees. They have access to the same health care plans and pay the same rates as regular full-time employees. In addition to traditional benefits, volunteer time off is available to employees globally. We offer 24 hours of paid volunteer time for full-time employees and 12 hours for part time employees.

Lexmark's competitive benefits program provides employees with the opportunity to ensure the wellness of their families, and create a positive working environment. Every geography provides for variable health coverage, time off, retirement savings* and more in compliance with the local laws and regulations. Benefit packages are available to full time and part time employees based on the location and years with the company.

Typical benefits are:

- Health Insurance
- Life & Accident Insurance
- Disability insurance
- Retirement savings plan with a company contribution
- Paid vacations and holidays
- Product Discounts
- Tuition assistance
- Parental time off

Lexmark is focused on employees living lives with a healthy work life balance. Flexible work hours for most jobs allow employees to enjoy their lives and take care of personal business while optimizing work performance and productivity. Lexmark received the When Work Works, Alfred P. Sloan Award for Excellence in Workplace Flexibility for the sixth consecutive year. Across the globe, Lexmark supports employee family life and offers maternity and paternity time off options in addition to flex time which continues to aid new parents. Flexible schedules, along with accommodating Mothers Rooms, working remotely and on site and nearby child care enable parents to feel good about returning to work and comfortable continuing to work. Lexmark does not track return rates or employee retention after their return.

Healthcare is also a main priority at Lexmark. Each geography strives to find ways to help employees succeed at being the healthiest that they can be. Juarez, Mexico, Cebu, Philippines and Lexington, Kentucky locations have an onsite medical care facility where employees can get health care exams conveniently during the work day. Most facilities have sports leagues for employees to participate in and friendly challenges and competitions promoting health and fitness.

Lexmark offers its employees a wide range of training, educational materials, and preventative measures, including appropriate tools in the workplace for prevention of serious diseases. Lexmark does not have employees who are involved in occupational activities that have a high incidence of high risk of specific diseases.

**For information on Lexmark's defined retirement plan , please see the [Lexmark Form 10-K](#).*

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In the US, an unlimited vacation policy was implemented in 2013. This policy allows employees to take time off when needed. This empowers employees to make decisions that are best for themselves, their families and the company. Employees have open communication with their management and the time is not tracked. There is no accrued vacation time based on years of service, it is simply unlimited. This applies to all U. S. employees other than California employees, who will continue under the current California Vacation Program due to considerations under California state law. Other paid days off are also available but also not tracked such as sick time, parent time off and bereavement leave.

Additionally, Lexmark offers paid Volunteer Time Off (VTO) for employees to volunteer with educational or community service organizations of their choice. Full time employees are eligible for 24 hours and part time for 12 hours per year.

In the US, Health, Dental and Vision Benefits are offered to employees, their spouse, domestic partner and dependents. Flexible Spending accounts for health care and child care are available. Assistance for adoption is provided and elder care support is available through Employee Assistance Programs (EAP). The headquarters site in Lexington, Ky opened an onsite childcare center which was awarded gold LEED certification. A health and wellness center also opened in 2013 on the Lexington campus for employees. This facility offers health coaching, allergy injection programs, physical therapy, wellness visits and sick. An interactive Live Well tool is available for employees and their spouses/ domestic partners.

EMPLOYEE ASSISTANCE PROGRAMS (EAP)

Program Recipients	Education/ Training	Counseling	Prevention/ Risk Control	Treatment
Workers	Yes	Yes	Yes	Yes
Workers' Families	Yes	Yes	Yes	Yes
Community Members	No	No	No	No

EQUAL PAY

Salaries vary at Lexmark, depending upon the location of employment, education level, job function, and a number of other factors. Lexmark is



committed to equal pay for work of equal value. This commitment includes equal remuneration for male and female workers. In support of this commitment, we contract third-party agencies to conduct remuneration studies, and we conduct other studies internally. For example, in the United States, analysis is done by a third party to ensure pay equity

based on demographics. Lexmark's programs are designed to uphold its commitment to equal pay for equal work through promotion of educational and career advancement opportunities and salary adjustments.

EMPLOYEE RECOGNITION

Lexmark has enhanced the employee Customer for Life Award structure. The Tier 1 Award is peer or manager initiated through our worldwide internal collaboration website. This recognition is visible worldwide on our site and is a quick and easy process. Each quarter one winner will be selected by the Lexmark Vision Committee to receive an additional bonus. The Tier 2 Award is initiated by manager nomination and a sub-committee views the nominations and selects one winner for each geography each quarter. The Tier 3 Award is The Customer For Life Award and is Lexmark's highest employee honor. This award is given annually and is selected from the Tier 2 winners.

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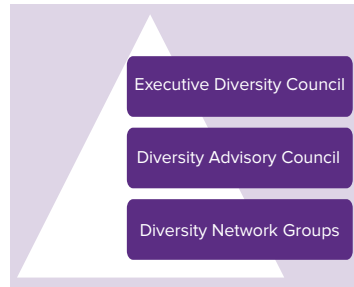
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A DIVERSE WORKFORCE

As a global company, Lexmark's goal is to have a highly diverse and vibrant workplace that understands and is responsive to the needs of our employees, customers and partners around the world. Lexmark is proactive in making our workplace one that is inclusive and allows each employee the opportunity to bring their complete self to work.

LEXMARK DIVERSITY COUNCIL



A UNIFIED VISION

In 2013, the Lexmark Diversity Council was reformatted to a tiered structure comprised of an Executive Diversity Council and Diversity Advisory Council. Lexmark's Diversity Network Groups are instrumental in advising and supporting these efforts.

Each entity works in partnership with the others to reframe the current initiatives around diversity worldwide. Included in those efforts is the revision of the Lexmark Diversity Mission Statement to better align with the ideal future state of diversity at Lexmark. The mission statement encourages our employee base to embrace individuality of thought and background as a means of creating success for our workforce, our customers and our shareholders. These practices help Lexmark operate with one unified vision — using the individual talents of our diverse workforce to their full potential. Respecting diversity fosters good relations within the company as well as in the communities in which we live and work.

MISSION STATEMENT FOR DIVERSITY AND INCLUSION AT LEXMARK

We, the employees of Lexmark, value and respect our individual differences. We foster an open and inclusive environment that not only embraces new and alternative ideas, but seeks them out at all levels. This appreciation of diversity is vital to attract, retain and develop employees to their full potential. A diverse global workforce that mirrors our customers and the communities where we do business will lead to greater success for our customers, our employees and our shareholders. We each take responsibility to make this happen.

Lexmark's **Diversity Network Groups** are employee groups created to foster a more inclusive environment through networking, employee and community engagement, recruiting efforts and diversity awareness. DNGs are established through a grassroots process whereby employees recruit members, design a mission statement, and develop programming and events to help advance the mission.

Each DNG offer a space where employees can benefit from a supportive network as well as celebrate and share their cultures and individuality with others.

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LETTER FROM THE CEO: DIVERSITY

At Lexmark International Inc., we are undergoing a major transformation. While our successful heritage has been solely rooted in printing, our future lies in a broader vision of creating solutions that connect unstructured information, both printed and digital, across the enterprise with the process, applications and people that need it most. We know that no single group has all the answers or can successfully drive our transformation. We need diverse groups working together to drive the change and to develop the innovative solutions that meet our customers' needs. That is why we are interested in attracting and retaining the most talented individuals to our company.

Because the world is our customer, we strive to understand and appreciate diversity in our thinking, cultures, markets and business partners. We know that our success depends upon our ability to unleash the collective strengths, creativity and innovative ideas of our diverse workforce.

That's why we are weaving diversity and inclusion into the very fabric of our organization. And that is why we are building a culture where the best and the brightest want to work and grow.

Regards,



Paul Rooke

Chairman and Chief Executive Officer

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When our customers buy Lexmark products, they can be assured they are purchasing from a company that is not only determined to provide a quality product, but also to deliver a positive long-term experience. Lexmark's vision since our founding is "Customers for Life". This focus is deeply engrained in all of our processes because we know that everything we do ultimately reaches our customer in some way. We continually seek the best ways to make sure that our connection with customers is handled with the utmost respect.



UNDERSTANDING OUR CUSTOMERS

At Lexmark, we believe companies that execute most consistently on behalf of the customer win. Since our inception, Lexmark's vision has been Customers for Life. Realizing this vision starts with an understanding of how our customers feel about their journey with Lexmark. We then align our people, processes and technology to create innovative solutions to meet our customers' dynamic needs. Finally, we focus on the consistent delivery of a differentiated customer experience that creates value for them.

Best-in-class companies use customer journey maps as a solid foundation in managing the customer experience. According to Forrester Research, customer journey maps are "documents that visually illustrate customers' processes, needs, and perceptions throughout their relationships with a company. The journey-mapping process helps firms align around a shared vision of target customers, identify broken moments of truth, and get the insights they need to improve."



We Listen to Our Customers

We listen to our customers and collect feedback from multiple research sources to create a clear understanding of our customers.

CUSTOMER UNDERSTANDING

Customer Understanding is about creating a clear and accurate picture of how customers truly feel, following their interactions throughout the entire engagement with a company. We employ a range of methods to learn what our customers think about their experiences and how they feel about the overall partnership with Lexmark:

We ask customers:

We use both surveys and interviews to gather feedback about how well we are meeting the diverse needs of our customers. This includes understanding the experiences of different customer roles, from decision makers to those who deploy, manage and use our products, services and solutions. *Example: We conduct regular Relationship surveys in our business units and hold periodic business reviews with key stakeholders. We also conduct post service surveys of those using our products and services.*

Customers tell us:

We also hear directly from customers through our numerous open lines of communication, including face-to-face meetings, social media, phone conversations and e-mails. *Example: We analyze support and service call data and web feedback where customers share performance reviews about how we are doing, and about how we can better serve them.*

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We ask employees:

We learn more about customer needs by regularly tapping rich insights from those who know our customers best - our customer facing employees. *Example: In 2013 we conducted more than 400 surveys and interviews of worldwide employees from sales, legal, pricing, program management, professional services, technical operations, customer operations and technical support.*

We collaborate:

We collaborate with our customers to discover where, how and when we can help most so that our solutions and recommendations will make a real difference to their bottom line. *Examples: We conduct needs-based research with customers to find opportunities to better meet their needs. We visit customer work environments to conduct behavioral research studies to better understand how our products are used. Ongoing customer insights help prioritize where we should focus efforts to continuously improve customer experiences.*

DEEPER UNDERSTANDING

While our customer-facing employees support our global customers on a daily basis, our engineers and product designers also visit customers to better understand their needs. We also conduct usage studies in real work environments and hold regular face-to-face business reviews to ensure our technology, people and processes provide the products, solutions and services that are aligned to address our customers' pain points.



We Anticipate Their Needs

Our culture of inquiry, collaboration and responsiveness yields a level of customer care and engagement that anticipates customer needs.

ANTICIPATING NEEDS

Our customers' time is valuable and we continually look for ways to increase their productivity. Listening carefully and responding quickly to our customers' needs is important, but we also strive to proactively anticipate customer problems. We manage printer fleets for some of the largest companies in the world and we constantly monitor our devices to detect existing or potential issues before our customers become aware of them. This proactive diagnostic capability enables us to take action, even before customers experience a problem. We employ the Lexmark Quality Management System (QMS) to help eliminate future customer problems. Teams work to find the root causes for problems our customers experience. For complex issues, we bring cross functional owners together to drive customer-focused improvement into our processes.

At Lexmark, our attention to individual customer needs is fundamental to the way we do business. When we make changes to adapt to the unique needs of our individual customers, we close the loop with them to ensure that our changes are making a difference.



We Act to Create Value

Ongoing collaboration with customers yields comprehensive solutions that deliver results.

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CREATING VALUE...IN THE CUSTOMERS' EYES

Customer-Focused Improvement:

With a clear understanding of customer needs, we strive to continually improve the way we deliver customer experiences. This requires strong leadership, a clear vision and an intentional approach. Our improvement efforts are focused at the most important customer interactions (the customer moments of truth and pain points). We combine the right people, processes, technology and systems, and collaborate with key stakeholders to ensure we are creating solutions that will best meet our customers' needs.

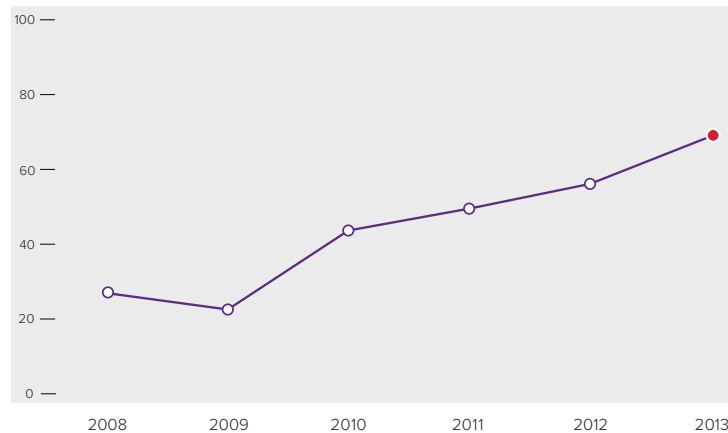
My Pages:

One example is Lexmark's newest program for small and medium business (SMB) customers, Lexmark My Pages. My Pages enables customers to pay as they print – a program that is similar to what some large enterprise customers utilize in their printing environments. This new offering was designed to address some of the major pain points that we heard as a direct result of surveying SMB customers. We heard our customers say they wanted a streamlined product line to make it easy to choose devices that fit their needs, and they also desired “white-glove” installation and services.

At Lexmark we know that companies who focus on delivering consistently great customer experiences will be rewarded. The Net Promoter Score (NPS) is commonly used to broadly communicate and set targets for measuring customer Loyalty. Here we see that our performance on this key metric for Lexmark's U.S. managed print services validates that our continuous efforts to improve customer experience are making a real difference.

Another key measure highly correlated to great customer experiences is customer retention. The proof that we are delivering value to our customers is also reflected in our industry-leading customer retention rates. Given a choice, customers choose Lexmark - again. In 2013, over 97 percent of our business customers renewed their contractual agreements to partner and grow with us, and we were rewarded with a 100 percent retention rate in our managed fleet business.

LOYALTY TREND
(NET PROMOTER SCORE)



CUSTOMER-FOCUSED EMPLOYEES

At Lexmark, our formal employee performance reviews worldwide include a process to measure progress of customer-focused objectives. Every employee is required to set objectives to help them focus on improving the customer experience. These employee objectives are based on employees understanding how their performance connects to customers and how it is aligned with the strategy of their department and Lexmark. Each objective has specific success criteria—the difference that it makes to the customer. We believe that this focus on improvement and innovation leads to a better customer experience for all our customers.

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PRODUCT HEALTH & SAFETY

At Lexmark, we consider the ways that our products and services impact the health and safety of our customers and communities. From first concept to end-of-life, we take into account how each stage of a product's life cycle affects our environment. Many health and safety considerations are mandatory, such as the creation of material safety data sheets for our toner cartridges. Others are voluntary, such as compliance with toxicity-testing protocols from the Organization for Economic Co-operation and Development (OECD 404, 405, 406 and 423). In 2013, Lexmark did not identify any non-compliance with regulations or voluntary codes concerning the impact of our products or services on health and safety, and no fines were imposed.

PRODUCT AND SERVICE INFORMATION

The safety and compatibility of our products is of utmost importance to our customers and to the communities where we do business. We are committed to providing the following product and service information to the customer:

- Sourcing of the components
- Content
- Safety instructions
- Disposal or recycling information
- Environmental and social impacts

We comply with worldwide standards and local laws by having our products tested in laboratories that are accredited by third-party agencies. This certification ensures that the data collected and the reports submitted for regulatory compliance are obtained from test facilities and personnel that comply with the relevant ISO standards.

The laboratories testing Lexmark products are accredited to conduct tests for certifications associated with specific regulatory standards and agency marks such as Blue Angel, the Federal Communications Commission (FCC), Comité International Spécial des Perturbations Radioélectriques (CISPR), Underwriters Laboratories (UL) and Conformité Européenne (CE). For permission to export our products beyond U.S. borders, we submit data to regulatory agencies worldwide, such as the U.S. Environmental Protection

Agency (EPA) and the China Quality Certification Center (CQC). In compliance with the Trade Agreements Act of 1979, Lexmark assembles TAA compliant products at its configuration and distribution centers in Southaven, Mississippi (U.S.), and Taoyuan, Taiwan. Test equipment in these facilities is calibrated to ISO 17025/ANSI Z540 standards and tracked for calibration with an ISO 9001 database on an annual basis.

This system of certifications is also used by our suppliers worldwide at subassembly and finished-product stages. The individual agencies responsible for the regulatory marks audit our suppliers regularly for compliance. Any noncompliance or variation notices resulting from these audits are promptly addressed within the required compliance period and resolved prior to shipping our products. At Lexmark in 2013, there were no instances of noncompliance about service information or labeling, and no fines were imposed.

PRODUCT SAFETY TEAM

Lexmark is committed to product safety. Our Product Safety Team conducts detailed research and testing, and they certify that current products conform to national and international safety standards, requirements and regulations. The Product Safety Team also ensures that the appropriate safety information is included in User's Guides, Service Manuals and other publications. Finally, the team educates the Lexmark development community about design requirements so that we are prepared to meet safety standards in all new products.

During the manufacturing process, the team establishes safety-testing requirements. The Product Safety Team investigates all reported safety incidents and takes appropriate action, which can include recommendations for design changes or modifications to manufacturing processes and procedures. This comprehensive approach supports our ultimate goal of protecting the health and safety of our customers.

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CUSTOMER SECURITY AND PRIVACY

The Internet has become a major portal for Lexmark and our customers to interact. Customers and prospective customers use the Lexmark website for many reasons:

- To research Lexmark products, solutions and service offerings.
- To buy products directly from Lexmark online or find where to buy them through partners.
- To register a Lexmark product for warranty purposes.
- To resolve a product issue, either unassisted through the Lexmark knowledge base or assisted with a Lexmark support representative.

During these transactions, Lexmark might ask customers for the following personal information:

- First and last name.
- Title and company name.
- Home, billing, or other physical address (including street name, name of a city or town, state or province, postal code).
- Credit card number.
- Email address.
- Telephone number.
- Lexmark online account ID and password.
- How products are used in their home or business.
- Whether they want future contact from Lexmark (marketing materials, special offers, promotions, and so on).

Lexmark respects the privacy of our customers and takes safeguarding their personal information very seriously. We have no customer complaints regarding any breach of personal information collected through Internet marketing and sales activities.

Before October 2009, Lexmark outsourced our web store to a third-party channel partner, which administered the store and collected the personal information necessary to complete sales transactions. We have not received any customer complaints for breach of personal information by the third party.

SECURITY OF CUSTOMER INFORMATION

To protect against unauthorized access, misuse, disclosure or alteration of personal information, Lexmark uses appropriate physical, technical and administrative security measures. Physical security is designed to prevent unauthorized



access to database equipment and hard copies of documents. Electronic security measures — such as firewalls, access restrictions and encryption — provide protection from hacking or other unauthorized access. Lexmark limits access to personal information to those persons in our organization, or agents of Lexmark, who have specific business purposes for maintaining and processing personal information and data. Lexmark regularly reviews privacy compliance.

Lexmark offers recourse to customers who feel there may have been a breach of their personal data. Designated email and postal addresses are available:

sustainability@lexmark.com
Lexmark International, Inc.
Privacy Mailbox
740 West New Circle Road
Lexington, Kentucky 40550

When we receive questions and comments of concern, it is Lexmark policy to respond to each one. We investigate and attempt to resolve issues regarding the use and disclosure of personal information in accordance with the principles contained in this statement. Any concern that cannot be resolved through our internal processes is settled by arbitration administered by the American Arbitration Association in accordance with its applicable commercial rules and, as applicable, the Safe Harbor Principles. The exclusive location for such arbitration is Lexington, Kentucky.

For additional information about the Lexmark U.S. privacy policy, [click here](#).

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MARKETING COMMUNICATIONS

As stated in our Code of Business Conduct, “It is Lexmark’s policy to avoid any misstatement of fact or misleading impression in any of its advertising, literature, exhibits or other public statements. All statements made in support of our products and services should be true statements that can be supported to the satisfaction of a reasonable person. In addition, any omission of fact, wrongful emphasis or use of illustrative material that would tend to mislead a reader, listener or viewer is to be avoided. No claim, comparison or other statement of fact should be included in a message without having sufficient evidence to support it.” For example, if there is a statement on our corporate website that Lexmark enjoys the highest customer satisfaction scores in the MFP market, there must be an objective, referenceable study that can be cited by Lexmark to confirm the claim.

It is the joint responsibility of the public relations, marketing or content development representative preparing the message, and of the technical product experts to verify that all statements are true and correctly supported. The accuracy of claims are also reviewed by our Legal Department and validated by the Product and Process Quality Assurance Team.

We review our compliance with these standards annually. Lexmark had no incidents of noncompliance with regulations or voluntary codes concerning marketing communications in 2013.

In addition, we do not sell any product that is banned in any market worldwide.



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EXAMPLES OF PARTNERSHIPS

Lexmark and The PGA of America along with The Nature Conservancy have a goal to plant 2016 trees by The PGA of America's 100th Anniversary in 2016. This partnership began



with a goal to offset the paper consumption from printing that took place during the Ryder Cup Championship in August 2012. The partnership has grown to be part of PGA's community commitment where their championships are held. The true success of these events has been the involvement with and beneficial impact on local communities.

Lexmark has also teamed up with additional customers such as CSX, Grainger and Coca-Cola on similar community focused efforts. While we have a long history with sustainability focused projects, Lexmark also collaborates with other businesses to address social topics as well. A stair step race partnership was formed with a large Kentucky-based corporation to raise awareness for veterans. The Mountain Marathon was a chance for employees of both companies to join together in fitness to promote a good cause.

Moving forward, Lexmark is excited about the future of our partnerships and is focused on developing an increased number of partnerships that drive meaningful, beneficial improvements in the communities in which we live and work.

Many positive contributions to communities are a direct result of productive partnerships. Throughout our history Lexmark has formed meaningful, beneficial partnerships to address areas of need within the community. Over the years, partnerships have been formed with universities, local schools and school systems, local aid agencies, non-governmental organizations and our customers.

Lexmark's core values are centered in environmental sustainability. Understanding the power of teamwork, Lexmark partners with customers and organizations to complete projects that make communities in which we live and work better places to be. This commitment to the community is part of our global corporate culture.

Lexmark teams up with other organizations that share similar values and work on joint projects. For many years, Lexmark has participated in partnerships focused on reforestation initiatives, watershed protection, educational infrastructure improvement and Science Technology Engineering and Math (STEM) education. Planting trees resonates with Lexmark, not only for its numerous benefits to the community but also the offset that it provides for paper consumption in printing.

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For Lexmark, reporting is about more than just compliance with guidelines or regulations, it's about offering a **clear view** of our operations and results **to everyone** because we know that through **open communication** and dialogue we will continue to **move forward together**.

Measuring and assessing progress toward specific goals is a hallmark of sustainability processes that Lexmark takes very seriously. We are committed to addressing the disclosure needs of our stakeholders and to continually improving our sustainability performance.

REPORTING PARAMETERS

REPORTING PARAMETERS

In Lexmark's annual Corporate Social Responsibility Report, we endeavor to provide a full account of our CSR and sustainability strategy and performance in our worldwide operations during the most recent fiscal year (ended December 31, 2013) for our many stakeholders across the globe. This report includes updates to key programs and performance metrics as well as a transparent assessment of our progress against established goals. The scope, boundary and measurement methods applied in this report do not significantly differ from previous reports. In 2013 there are no restatements from previous reports.

We prepared this report using the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines, along with ISO 26000 guidance. We have self-declared this CSR Report to a GRI Application Level of "A". Our GRI Content Index is provided in the report. Lexmark plans to begin transitioning to the GRI 4.0 framework in next year's report, with intent to be in full compliance with GRI 4.0 by the release of the 2015 report.

Lexmark's CSR Report assesses our operations globally. Unless noted, principles and policies referenced in the report apply to worldwide, Company-owned locations¹ and to all Lexmark employees. [SAPERION AG](#), and [PACSGEAR, Inc.](#) were acquired in 2013 and data from these acquisitions are included where applicable.

The metrics and goals in this report are established and measured by Lexmark International to deliver a meaningful and accurate description of our performance. The complex nature of collecting data in a global manufacturing company with multiple plants and facilities presents challenges in compiling consistent and comparable metrics. While this report includes consistent metrics in most areas, we continue to improve the standardization of our measurement systems. Our performance metrics cover Lexmark-operated facilities.

Environmental metrics are reported using widely accepted parameters and units. Using the World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol methodology, we track greenhouse gas emissions, as well as our use of natural gas, fuel oil, diesel,

gasoline, and electricity. Additional information about Lexmark operations and financial performance is available in our 2013 Annual Report and [Form 10-K](#), which are filed with the Securities and Exchange Commission and are available on our [corporate website](#).

We encourage and value feedback from our stakeholders. Please email sustainability@lexmark.com with any comments you have.

MATERIALITY

Lexmark identifies critical social issues within our sustainability strategy through communications with stakeholders, including customers, shareholders and employees. Our efforts are prioritized, based on their needs, but balanced to maintain alignment with our vision and values.

This matrix visually shows the relative emphasis Lexmark places on the various CSR areas.



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¹Lexmark does not have franchisees.

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GRI INDEX

Click [here](#) to learn more about how GRI indicators correspond with ISO 26000 guidelines.

Indicator	Description	Report Section(s)	Full / Partial Report	Corresponding ISO 26000 Clauses	
Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	CEO Letter	Full	6.2
	1.2	Description of key impacts, risks, and opportunities	CEO Letter, Risks, Opportunities and Impacts	Full	6.2
Organizational Profile	2.1	Name of the organization	10-K	Full	
	2.2	Primary brands, products, and/or services	10-K	Full	
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	10-K	Full	6.2
	2.4	Location of organization's headquarters	10-K	Full	
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	10-K	Full	
	2.6	Nature of ownership and legal form	10-K	Full	
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	10-K	Full	
	2.8	Scale of the reporting organization	10-K	Full	

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Indicator	Description	Report Section(s)	Full / Partial Report	Corresponding ISO 26000 Clauses	
Report Parameters	2.9	Significant changes during the reporting period regarding size, structure, or ownership	10-K	Full	
	2.10	Awards received in the reporting period	CSR Awards and Recognition	Full	
	3.1	Reporting period (e.g., fiscal/calendar year) for information provided	Report Parameters	Full	
	3.2	Date of most recent previous report (if any)	Report Parameters	Full	
	3.3	Reporting cycle (annual, biennial, etc.)	Report Parameters	Full	
	3.4	Contact point for questions regarding the report or its contents	Report Parameters	Full	
	3.5	Process for defining report content	Report Parameters	Full	
	3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	Report Parameters	Full	
	3.7	State any specific limitations on the scope or boundary of the report	Report Parameters	Full	
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	Report Parameters	Full	
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	Report Parameters	Full	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Report Parameters	Full		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Report Parameters	Full		

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Indicator	Description	Report Section(s)	Full / Partial Report	Corresponding ISO 26000 Clauses	
Report Parameters	3.12	Table identifying the location of the Standard Disclosures in the report	GRI Index	Full	
	3.13	Policy and current practice with regard to seeking external assurance for the report	GRI Index	Full	7.5.3
Governance, Commitments and Engagement	4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	Governance and External Engagement	Full	6.2
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Board of Directors	Full	6.2
	4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	Committee Composition, Governance and External Engagement	Full	6.2
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Governance Highlights	Full	6.2
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	Corporate Governance Principles, Proxy Statement	Full	6.2
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Governance Highlights	Full	6.2
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	Governance and External Engagement	Full	6.2

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Governance, Commitments and Engagement	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Corporate CSR Policies	Full	6.2
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	Governance and External Engagement, Governance Highlights	Full	6.2
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Governance and External Engagement	Full	6.2
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Risks, Opportunities and Impacts	Full	6.2
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Supply Chain	Full	6.2
	4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	Governance and External Engagement, Supply Chain	Full	6.2
	4.14	List of stakeholder groups engaged by the organization	Governance and External Engagement, Report Parameters	Full	6.2
	4.15	Basis for identification and selection of stakeholders with whom to engage	Governance and External Engagement	Full	6.2
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Governance and External Engagement, Customer Understanding	Full	6.2

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Indicator	Description	Report Section(s)	Full / Partial Report	Corresponding ISO 26000 Clauses
Governance, Commitments and Engagement	4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Governance and External Engagement , Investor Relations , Customer Understanding	Full	6.2
Economic	EC1 Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments (Core)	Community Impact , Finance and Economics , Contributions and Initiatives , 10-K	Partial	6.8, 6.8.3, 6.8.7, 6.8.9
	EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change (Core)	Risks, Opportunities and Impacts	Partial	6.5.5
	EC3 Coverage of the organization's defined benefit plan obligations (Core)	Benefits and Compensation , Finance and Economics , 10-K	Partial	
	EC4 Significant financial assistance received from government (Core)	Finance and Economics , 10-K	Full	
	EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation (Additional)	Benefits and Compensation , Finance and Economics	Partial	6.3.7, 6.4.4, 6.8
	EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation (Core)	Community Impact , Supply Chain	Partial	6.6.6, 6.8, 6.8.5, 6.8.7
	EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation (Core)	Community Impact	Full	6.8, 6.8.5, 6.8.7
	EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement (Core)	Community Impact	Partial	6.3.9, 6.8, 6.8.3, 6.8.4, 6.8.5, 6.8.6, 6.8.7, 6.8.9

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Indicator	Description	Report Section(s)	Full / Partial Report	Corresponding ISO 26000 Clauses
Economic	EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts (Additional)	Community Impact	Partial	6.3.9, 6.6.6, 6.6.7, 6.7.8, 6.8, 6.8.5, 6.8.6, 6.8.7, 6.8.9
Environment	EN1 Materials used by weight or volume (Core)	Materials, Packaging	Full	6.5, 6.5.4
	EN2 Percentage of materials used that are recycled input materials (Core)	Materials, Supplies	Partial	6.5, 6.5.4
	EN3 Direct energy consumption by primary energy source (Core)	Energy Consumption	Full	6.5, 6.5.4
	EN4 Indirect energy consumption by primary source (Core)	Energy Consumption	Full	6.5, 6.5.4
	EN5 Energy saved due to conservation and efficiency improvements (Additional)	Energy Consumption	Full	6.5, 6.5.4
	EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives (Additional)	Product Energy Use, Product Lifecycle, Innovation	Full	6.5, 6.5.4
	EN7 Initiatives to reduce indirect energy consumption and reductions achieved (Additional)	Energy Consumption	Partial	6.5, 6.5.4
	EN8 Total water withdrawal by source (Core)	Water Management	Full	6.5, 6.5.4
	EN9 Water sources significantly affected by withdrawal of water (Additional)	Water Management	Full	6.5, 6.5.4
	EN10 Percentage and total volume of water recycled and reused (Additional)	Water Management	Partial	6.5, 6.5.4
	EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas (Core)	Land and Biodiversity	Full	6.5, 6.5.6

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Indicator	Description	Report Section(s)	Full / Partial Report	Corresponding ISO 26000 Clauses	
Environment	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas (Core)	Land and Biodiversity	Full	6.5, 6.5.6
	EN13	Habitats protected or restored (Additional)	Land and Biodiversity	Full	6.5, 6.5.6
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity (Additional)	Land and Biodiversity	Full	6.5, 6.5.6, 6.8.3
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk (Additional)	Land and Biodiversity	Full	6.5, 6.5.6
	EN16	Total direct and indirect greenhouse gas emissions by weight (Core)	Greenhouse Gas Emissions	Full	6.5, 6.5.5
	EN17	Other relevant indirect greenhouse gas emissions by weight (Core)	Greenhouse Gas Emissions	Full	6.5, 6.5.5
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved (Additional)	Greenhouse Gas Emissions, Energy Consumption	Full	6.5, 6.5.5
	EN19	Emissions of ozone-depleting substances by weight (Core)	Greenhouse Gas Emissions	Full	6.5, 6.5.3
	EN20	NOx, SOx, and other significant air emissions by type and weight (Core)	Greenhouse Gas Emissions	Partial	6.5, 6.5.3
	EN21	Total water discharge by quality and destination (Core)	Water Management	Partial	6.5, 6.5.3
	EN22	Total weight of waste by type and disposal method (Core)	Waste Management	Full	6.5, 6.5.3
	EN23	Total number and volume of significant spills (Core)	Water Management	Full	6.5, 6.5.3
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally (Additional)	Waste Management	Partial	6.5, 6.5.3

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Indicator	Description	Report Section(s)	Full / Partial Report	Corresponding ISO 26000 Clauses	
Environment	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff (Additional)	Water Management	Full	6.5, 6.5.3, 6.5.4, 6.5.6
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation (Core)	Materials , Packaging , Acoustics	Full	6.5, 6.5.4, 6.6.6, 6.7.5
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category (Core)	Waste Management	Partial	6.5, 6.5.3, 6.5.4, 6.7.5
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations (Core)	Environmental Management , Transparency and Ethics	Full	6.5
	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce (Additional)	Energy Consumption	Partial	6.5, 6.5.4, 6.6.6
	EN30	Total environmental protection expenditures and investments by type (Additional)	Water Management , Environmental Management	Partial	6.5
Human Rights	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening (Core)	Finance and Economics , Supply Chain	Full	6.3, 6.3.3, 6.3.5, 6.6.6
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken (Core)	Supply Chain	Partial	6.3, 6.3.3, 6.3.5, 6.4.3, 6.6.6
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained (Additional)	Human Rights	Partial	6.3, 6.3.5
	HR4	Total number of incidents of discrimination and actions taken (Core)	Human Rights	Partial	6.3, 6.3.6, 6.3.7, 6.3.10, 6.4.3

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Indicator	Description	Report Section(s)	Full / Partial Report	Corresponding ISO 26000 Clauses	
Human Rights	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights (Core)	Human Rights	Partial	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.8, 6.3.10, 6.4.3, 6.4.5
	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor (Core)	Human Rights	Full	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10, 6.6.6
	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor (Core)	Human Rights	Full	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10, 6.6.6
	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations (Additional)	Human Rights	Full	6.3, 6.3.5, 6.4.3, 6.6.6
	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken (Additional)	Human Rights	Full	6.3, 6.3.6, 6.3.7, 6.3.8, 6.6.7
	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments (Core)	Human Rights , Global Citizenship	Partial	6.3, 6.3.3, 6.3.4, 6.3.5
	HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms (Core)	Transparency and Ethics	Partial	6.3, 6.3.6
Labor Practices and Decent Work	LA1	Total workforce by employment type, employment contract, and region (Core)	Commitment to Employees	Partial	6.4, 6.4.3
	LA2	Total number and rate of employee turnover by age group, gender, and region (Core)	Commitment to Employees	Partial	6.4, 6.4.3
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations (Additional)	Benefits and Compensation	Full	6.4, 6.4.3, 6.4.4

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Indicator	Description	Report Section(s)	Full / Partial Report	Corresponding ISO 26000 Clauses	
Labor Practices and Decent Work	LA4	Percentage of employees covered by collective bargaining agreements (Core)	Human Rights	Full	6.4, 6.4.3, 6.4.4, 6.4.5, 6.3.10
	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements (Core)	Human Rights	Full	6.4, 6.4.3, 6.4.4, 6.4.5
	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs (Additional)	Health and Safety	Full	6.4, 6.4.6
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region (Core)	Health and Safety	Partial	6.4, 6.4.6
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases (Core)	Benefits and Compensation	Partial	6.4, 6.4.6, 6.8, 6.8.3, 6.8.4, 6.8.8
	LA9	Health and safety topics covered in formal agreements with trade unions (Additional)	Health and Safety	Full	6.4, 6.4.6
	LA10	Average hours of training per year per employee by employee category (Core)	Continuing Education	Partial	6.4, 6.4.7
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings (Additional)	Continuing Education	Full	6.4, 6.4.7, 6.8.5
	LA12	Percentage of employees receiving regular performance and career development reviews (Additional)	Continuing Education	Full	6.4, 6.4.7

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Indicator	Description	Report Section(s)	Full / Partial Report	Corresponding ISO 26000 Clauses	
Labor Practices and Decent Work	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity (Core)	Commitment to Employees	Partial	6.3.7, 6.3.10, 6.4, 6.4.3
	LA14	Ratio of basic salary of men to women by employee category (Core)	Benefits and Compensation	Partial	
	LA15	Return to work and retention rates after parental leave, by gender (Additional)	Benefits and Compensation	Partial	6.4, 6.4.4
Products	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures (Core)	Product Safety , Customer Understanding	Full	6.3.9, 6.6.6, 6.7, 6.7.4, 6.7.5
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes (Additional)	Product Safety	Full	6.3.9, 6.6.6, 6.7, 6.7.4, 6.7.5
	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements (Core)	Product Safety	Full	6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6, 6.7.9
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes (Additional)	Product Safety	Full	6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6, 6.7.9
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction (Additional)	Customer Understanding	Partial	6.7, 6.7.4, 6.7.5, 6.7.6, 6.7.8, 6.7.9

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Indicator	Description	Report Section(s)	Full / Partial Report	Corresponding ISO 26000 Clauses	
Products	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship (Core)	Marketing Communications	Full	6.7, 6.7.3, 6.7.6, 6.7.9
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes (Additional)	Marketing Communications	Full	6.7, 6.7.3, 6.7.6, 6.7.9
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data (Additional)	Security and Privacy, Marketing Communications	Full	6.7, 6.7.7
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services (Core).	Product Safety	Full	6.7, 6.7.6
Society	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting (Core)	Community Impact, Finance and Economics	Partial	6.3.9, 6.8, 6.8.3, 6.8.9
	SO2	Percentage and total number of business units analyzed for risks related to corruption (Core)	Transparency and Ethics	Full	6.6, 6.6.3
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures (Core)	Transparency and Ethics	Full	6.6, 6.6.3
	SO4	Actions taken in response to incidents of corruption (Core)	Transparency and Ethics	Full	6.6, 6.6.3
	SO5	Public policy positions and participation in public policy development and lobbying (Core)	Contributions and Initiatives	Partial	6.6, 6.6.4, 6.8.3
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country (Additional)	Contributions and Initiatives	Full	6.6, 6.6.4, 6.8.3

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Indicator	Description	Report Section(s)	Full / Partial Report	Corresponding ISO 26000 Clauses	
Society	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes (Additional)	Transparency and Ethics	Full	6.6, 6.6.5, 6.6.7
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations (Core)	Transparency and Ethics	Full	6.6, 6.6.3, 6.6.7, 6.8.7
	SO9	Operations with significant potential or actual negative impacts on local communities (Core)	Community Impact, Land and Biodiversity	Partial	6.3.9, 6.5.3, 6.5.6, 6.8
	SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities (Core)	Community Impact, Land and Biodiversity	Partial	6.3.9, 6.5.3, 6.5.6, 6.8

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The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption. As stated by Lexmark's CEO, Paul Rooke, "Lexmark International has and will continue to support the initiatives and principles of the UN Global Compact." Below is an index of our reporting against the UN Global Compact principles within the content of this 2013 performance update of our Corporate Social Responsibility Report.

Principle Number	Description	Report Section
1	Support and respect protection of internationally proclaimed human rights	Human Rights Human Rights Policy Supply Chain
2	Make sure business is not complicit in human rights abuses	Human Rights Human Rights Policy Supply Chain
3	Uphold freedom of association and the effective recognition of the right to collective bargaining	Human Rights Human Rights Policy
4	Support elimination of all forms of forced and compulsory labor	Human Rights Human Rights Policy
5	Support effective abolition of child labor	Human Rights Human Rights Policy
6	Eliminate discrimination in employment and occupation	Human Rights Human Rights Policy Lexmark Code of Business Conduct
7	Support a precautionary approach to environmental challenges	CSR Policies & Leadership CSR Policy Env. & Social Justice Policy Env. Health & Safety Policy Climate Change Policy

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Principle Number	Description	Report Section
8	Undertake initiatives to promote greater environmental responsibility	Energy Consumption Greenhouse Gas Emissions Water Management Waste Management Land & Biodiversity Environmental Management
9	Encourage the development and diffusion of environmentally friendly technologies	Product Lifecycle Acoustics Materials Emissions Energy Use Product Certifications Supplies Packaging Innovation
10	Work against all forms of corruption, including extortion and bribery	Transparency and Ethics

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