

# Greenhouse Gas Emissions

Lexmark is committed to carbon neutrality by 2035. We began tracking and reducing greenhouse gas (GHG) emissions in 2005. We reduced Scopes 1 and 2 emissions by 62% since that time. We are now focused on reducing Scopes 1 and 2 GHG emissions by 40% by 2025 from the 2015 baseline. In 2021, we achieved a 34% reduction. We work on reducing our impact throughout the year and set aggressive targets. We are assessing our progress as it relates to partial re-occupancy due to COVID-19. Lexmark engaged Apex Companies, LLC to conduct an [independent verification of Scopes 1 and 2 GHG emissions](#). Lexmark has committed to set near-term company-wide emission reductions in line with climate science with the SBTi.



## Energy data

Click [here](#) for detailed energy data.

As we continue to drive our emissions to minimal levels, we will also use renewable energy, carbon credits and renewable energy certificates (RECs) to offset the remainder of emissions in some areas of our business.

Scope 3 emissions are reported separately from Scopes 1 and 2 emissions. Lexmark continues to refine data collection and methodologies for transparency in our value chain.

## Emissions Reporting

### Scope 1 emissions

Scope 1 emissions (direct) include our use of fossil fuels, refrigerants and fleet vehicle transport based on available data.

We use natural gas, diesel fuel and petrol to generate steam, power backup generators, provide heat to certain Lexmark facilities and provide fuel for leased/owned vehicles.

Lexmark is committed to the Montreal Protocol, an international treaty aimed at reducing the use of ozone-depleting chemicals. We prohibit the use of such chemicals in the manufacture and development of our products; however, we use some ozone-depleting chemicals - specifically refrigerants - for the heating, ventilation and air-conditioning (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. Lexmark purchases chillers that use environmentally preferable refrigerants and monitors systems for leaks with stand-alone sensors.

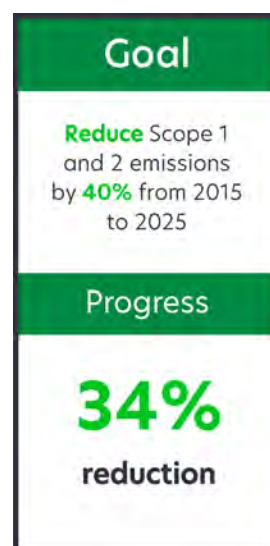
In 2021, two refrigerants, R-22 and R-123 had ozone depletion potentials greater than zero. Lexmark's refrigerant emissions for 2021 total 23 CO<sub>2</sub>e tonnes. In preparation for the installation of a new, more efficient chiller, Lexmark had refrigerant recovered from an older, less efficient chiller in 2021. Prior to refrigerant recovery, losses of 3,065 pounds (13,903 metric tonnes of emissions) of R114 were incurred.

### Scope 2 emissions

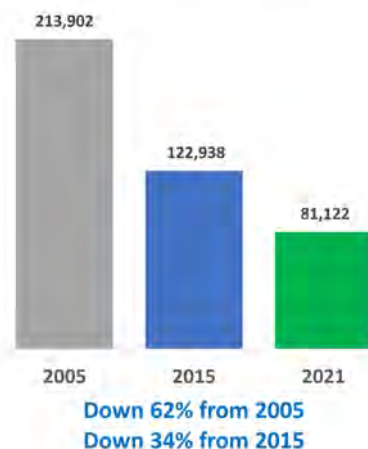
Our Scope 2 emissions (indirect) consist of electricity used to power operations at our sites. We primarily purchase electricity generated by a variety of non-renewable and renewable primary energy sources, including coal, nuclear energy, solar power, wind power, geothermal energy and hydropower sourced from the local grid.

### Scope 3 emissions

Lexmark reports Scope 3 emissions generated from our value chain. We will continue to take proactive steps towards emissions avoidance in Scope 3 and capture reductions through data disclosure.



Scope 1 & 2 GHG Emissions (Metric tons CO<sub>2</sub>)



# Travel and commute emissions

## 2021 Scope 3 emissions reported categories:

Category 1  
*Purchased Goods and Services*

Category 2  
*Capital Goods*

Category 4  
*Upstream Transport*

Category 5  
*Waste in Operations*

Category 6  
*Business Travel*

Category 7  
*Employee Commuting*

Category 9  
*Downstream Transport*

Category 11  
*Use of Sold Products*

Category 12  
*End-of-life Treatment of Sold Products*

Category 13  
*Downstream Leased Assets*



## Business travel-related emissions

We are conscious of the impact that business travel can have on the environment. At Lexmark we have collaborated with our vehicle provider and travel partner to calculate miles travelled with Lexmark-owned, leased and rented vehicles. Air travel is also tracked through our travel partner, which has considerably expanded its scope of reporting.

Travel was significantly reduced in 2021 due to the COVID pandemic. Lexmark's focus on providing our employees with lower-impact, real-time alternatives to travel helped us to naturally pivot to greater use of these tools to continue business from home environments.

Lexmark France participates in the [BlueBiz CO2ZERO programme](#). Through this programme, companies can cash in blue credits earned from employee travel with Air France, KLM or Delta Air Lines to neutralise CO<sub>2</sub> emissions of their flights. Lexmark's contribution helps with planting new trees, maintaining existing forests and supporting local communities in Panama through the reforestation project CO2OL Tropical Mix which has offset 0.6 metric tonnes of CO<sub>2</sub> to date.

## Employee commute

Working from home during the pandemic provided a positive benefit to the environment as emissions generated during employee commute were eliminated for a large portion of Lexmark employees. For essential employees who reported to the office during the pandemic and in normal working conditions, Lexmark encourages environmentally preferable commuting. The following are examples of programmes and/or benefits with a focus on best commuting practices:

- Lexmark's manufacturing plant in Juarez, Mexico, provides bus transport, bike racks and showers for manufacturing employees.
- Lexmark's Competence Center in Budapest, Hungary, has bike racks and showers for employees who pedal to work. For employees who commute to work by crossing Budapest's border, Lexmark pays 86% of transport fares incurred outside of Budapest.
- Lexmark's headquarters in Lexington, Kentucky, has secure bike storage and showers, as well as a public bus stop located in the car park. Four electric car charging stations are in use at the Lexington campus. Each station is equipped with two charging points for registered employees and clients to use free of charge. In 2021, we accumulated 8.4 metric tonnes of GHG savings. Since the installation of the electric car charging stations, 30.8 metric tonnes of greenhouse gas emissions have been avoided, equivalent to the planting of 509 trees growing for 10 years.
- Lexmark's site in Boulder, Colorado, works with Smart Commute Metro North to promote alternative commuting options for employees, such as car-sharing, public transport and bicycle travel.
- Lexmark's US benefits package includes a commuter benefit, which allows commuters taking public transport to deduct their public transport and parking expenses as pre-tax funds, which can have a \$1,008+ annual tax-savings potential.
- Lexmark's US health and wellness programme promotes healthier lifestyles, including sustainability awareness programmes, and provides the ability to create challenges, including those focused on "greener" commuting, such as cycling to work.
- Lexmark formalised and expanded its existing work-from-home programme. Flex@Lexmark gives employees the option of working remotely for up to two days a week. This programme not only promotes work-life balance for employees, but also reduces emissions associated with employee commute.

### **Worldwide logistics, product transport and distribution**

Physical transport of products worldwide and product handling and storage in distribution centres are a necessary part of Lexmark business. We have taken measures to lessen the environmental impacts associated with these activities, which includes working with environmentally progressive partners who apply innovative ideas, best practices and new technologies to their transport and logistics processes. Lexmark is working to quantitatively report the impact of product logistics.

### **Transport Partnership**

Lexmark has been a US Environmental Protection Agency (EPA) SmartWay registered partner since September 2008. SmartWay, a collaborative programme between the US EPA and the freight industry, is chartered to increase the use of energy-efficient vehicles and has impressive goals to reduce GHGs and decrease air pollution.

### **Transport initiatives reducing impacts of product shipping**

#### **Cube use and packaging**

Robust products and efficient packaging result in a smaller packaged footprint and increased cargo packaging efficiency. Continued improvements are being made in container and lorry use/fill rate, which decreases the number of sea containers, air cargo and less-than-full lorries needed to transport products.

#### **Intermodal freight transport**

Transporting products by sea, rail, air, inland water and roadways using intermodal freight containers for inbound moves saves us time, money and fuel.

#### **Direct delivery / replenish**

Direct shipping for high-volume products from factory to customer destination reduces the total miles that products must travel, as well as handling and warehousing en route, providing a better customer delivery experience and environmental benefits. We also see similar benefits from direct replenishment - whereby the factory delivers direct to the country distribution centre, bypassing the centralised regional centre and reducing miles, handling and cycle time.

#### **Transport Management Systems (TMSes)**

Multiple TMSes are used at our WW regional distribution centres to optimise product transport. TMS optimisation software selects the most effective mode of transport, automates carrier selection, reduces air shipments, combines same-customer shipments, improves trailer fill rate, decreases handling and travel distance and cuts logistics expenses whilst improving customer delivery.

#### **Inbound container optimisation**

- Lexmark's strategy to combine inbound vendor shipments in sea containers has resulted in improved space usage in each container, a reduction in logistics expense and containers used, a smaller CO<sub>2</sub> footprint and improved delivery time. In 2021, efforts continued to use the best space in our shipments.
- Lexmark was awarded an ML100 Award by Frost & Sullivan's Manufacturing Leadership Council in Sustainability Leadership for outstanding achievement in the Supply Chain Leadership category in 2019. Lexmark's winning project "Best Fitting Pallets Adoption", focused on optimising pallet size to accommodate the maximum quantity of product to reduce waste and cost. Successful launch required the team to take several steps, including setting a minimum order quantity for distributors, partnering with the Lexmark sales team to convince the distributors to accept different-sized pallets, and implementing a fee per pallet for distributors that wanted to keep a standard size.

#### **Distribution initiatives driving improvements in warehousing sustainability**

- Lexmark makes efforts to reduce the space required for warehousing and distribution of our products.
- Lexmark's Reverse Logistics and Returns operations continue to improve returns processing and the capability to reduce the number of shipments and mileage, thereby reducing energy use related to returned goods.
- Lexmark partners with best-in-class Third Party Logistics (3PL) warehouse providers who have a shared sustainability focus. Lexmark's 3PL providers manage, monitor and execute on targeted goals in sustainability to reduce the use of electricity, natural gas, propane and water. They target improving and increasing recycling activities. They also manage their overall CO<sub>2</sub> footprint.

### **Lean manufacturing and regional manufacturing/customisation**

- Lexmark uses a late manufacturing/late customisation process for medium-volume products in our regional distribution centres to be close to our customers, to be flexible and efficient, to provide a competitive advantage and to be more sustainable. Some of the benefits to this strategy are a reduction of space and inventory demand, a reduction of expedited and air freight, better container utilisation footprint of shipments, a flexible manufacturing system and customised customer solutions which include printer sustainability settings such as power settings, toner usage and longer life components.
- Lexmark manufactured over 86% of cartridges in the region of consumption in 2021, maintaining the high rate of regional manufacturing targeted. Regional manufacturing improves supply chain efficiency and helps Lexmark to respond more quickly to customer needs. It also benefits the environment by reducing GHG emissions and providing jobs for people in the regions where our cartridges are used most. Regional manufacturing in Poland provides an example of avoided emissions. In 2021, sourcing in geography eliminated the need to ship an estimated 341 containers from China, which was a positive impact in terms of CO<sub>2</sub> emissions of 990 metric tonnes (CO<sub>2</sub> reduction).
- Lexmark continued to grow North America regional manufacturing for hardware in 2021.

### **Innovative methods of emissions avoidance - product testing**

We test our products throughout their life cycle to ensure high quality. Realising the impact of paper use on the environment, we are working to lessen this impact in our print testing. We use “paperless print” for some testing applications, which allows us to test certain features of our product without actually printing the page. We also reuse paper when possible. These methods of print testing helped us to save over 3,300 trees in 2021 and avoid over 1,125,000 kg of CO<sub>2</sub>.

### **Service delivery**

The service team at Lexmark proactively identifies issues with devices under contract, often providing a fix before a service intervention is required. If a call is made to our technical service centre, priority is placed on resolving the problem via phone versus dispatching a technician. In addition to helping to maintain customer satisfaction, our focus on “remote fix” helps to reduce the number of miles travelled by our service teams, thus reducing GHG emissions.

*Based on the carbon calculator at <https://www.dhl-carboncalculator.com/>*