

We Strive for a Better World

2014 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

Paul Rooke
Chairman and
Chief Executive
Officer



In 2014, Lexmark continued to focus on its transformation from a printing provider to a global technology company offering hardware, software and service solutions to customers across the globe. At the same time, Lexmark has remained focused on our goal to be a leader in CSR and sustainability, both in thought and action. I am proud of our commitment to continual improvement as we strive to build upon the progress made while simultaneously identifying areas within our business that require additional emphasis.

Core to our culture as a company are the [Lexmark Vision and Values](#). These tenets drive us to be committed to the communities around the world in which we live and work, to make them better places to be for our neighbors, our partners, our employees and

our children as well the generations to come. These commitments drive us to actively support STEM initiatives in our communities, the development of socially beneficial solutions for our customers, sustainably focused product innovation and building a more responsible supply chain. We also look to form meaningful partnerships with local civic organizations, customers and non-governmental entities that drive positive community-level change.

This report contains many accomplishments that are a result of our long-standing focus on CSR, sustainability and innovation, but it also highlights goals that Lexmark has set to achieve by 2020. These goals go beyond our operational footprint—they also tackle product sustainability and focus more intensely on improving our supply chain. We embrace these challenges to better serve our customers and live up to the expectations of our employees, the greater community and shareholders.

To our valued customers and partners who have provided us with such important direction on how to best meet their needs

and make their businesses and communities more sustainable, I would like to say thank you. Our hope is that you will continue the journey to continually improve and positively impact all of our communities.

Finally, without the effort and support of our employees worldwide, the progress we have made as a company simply would not be possible. It is through each of you that we make a difference, individually and collectively, and I look forward to your continued support and dedication as we work together to make the communities in which we all live and work better places to be.

Paul Rooke
Chairman and Chief Executive Officer

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Company Profile

Lexmark International, Inc. sells its products and services in more than 170 countries and is a recognized global leader by many of the technology industry's leading market analyst firms. Lexmark has also acquired and integrated several strategic software companies since 2010, further expanding the company's breadth of offerings to include innovative software solutions.

Today the company competes in key growth markets that include managed print services, intelligent capture, enterprise content management, healthcare content management,

financial process automation and enterprise search—all focused on helping Lexmark customers connect their employees to the most relevant information at the moment they need it.

We operate our business in a manner that results in a better world by focusing on our people, our planet and the communities in which we live and work. As we strive to maintain best practices for sustainability, Lexmark's commitment to corporate social responsibility is global in reach, balancing economic, environmental and social concerns.

Our respect for these principles applies within our own organization and as it relates to our partners. We extend our commitment even further by developing solutions that enable our customers to achieve their own sustainability goals. As of year-end 2014, Lexmark employed nearly 12,000 people and had revenue of \$3.7 billion. Lexmark is publicly traded under LXX on the New York Stock Exchange and is headquartered in Lexington, KY.

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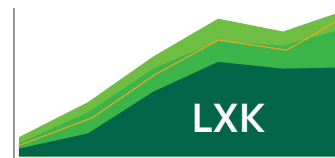
Lexmark™

Headquarters

Lexington, Kentucky



NYSE:



\$3.7 billion in revenue in 2014,
approximately 57% from international sales

Invested approximately \$1 billion in strategic software acquisitions since 2010



Governance

Good corporate governance for Lexmark goes beyond ensuring that the organization is effective and profitable; a key element to governance is establishing open transparency on the details of the governance structure and composition.

Transparency drives accountability, assuring our stakeholders that they can be confident that Lexmark is being managed responsibly.

Extensive supporting documentation on Lexmark's governance structure, process, and composition is available on our [Investor Relations web page](#), [Annual Report/Form 10-K](#) and [Proxy Statement](#).

Governance Highlights

- Our Board of Directors' Corporate Governance and Public Policy Committee has expanded its environmental responsibilities. The Committee, among its other duties, will periodically review the Corporation's key public policy issues, including its sustainability initiatives and its engagement in the public policy process.
- Our executive compensation program includes an annual advisory stockholder vote to approve executive compensation (commonly referred to as "Say on Pay").
- The shareholder-approved Board Declassification phase-in continues; Directors elected in 2015 will serve one-year terms. Beginning with the 2014 Annual Meeting of Shareholders, Director nominees will be elected for one-year terms rather than three-year terms.

- Our Board of Directors consists of 12 Directors; 11 are independent non-executive directors.
- Directors have limited membership on other public company boards, and all directors attended more than 75 percent of all Board and Committee meetings in 2014.
- No former employees currently serve as directors.
- A vote is held annually to ratify independent auditors.

The Board of Directors is actively engaged in corporate social responsibility topics and has access to executive-level leadership with responsibility for those topics. Sustainability initiatives are lead by Vice President of Customer Experience, Quality and Sustainability, Deb MacKay. Ms. MacKay formally reviews and approves Lexmark's annual CSR report.

Lexmark's Corporate Social Responsibility program management is directed by the Lexmark Corporate Sustainability Department, the Corporate Social Responsibility Cross-Functional Team, and the Sustainability Cross-Functional Team. These groups work in close collaboration with teams across the company, including Development, Facilities, Human Resources, Supply Base Management, Supply Chain, our Partners and many others.

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Corporate Social Responsibility Policies

Vision and Values

Vision and Values

Environmental

Corporate Environmental, Health
and Safety Policy
Environmental and Social Justice Policy
Climate Change Policy

Ethics

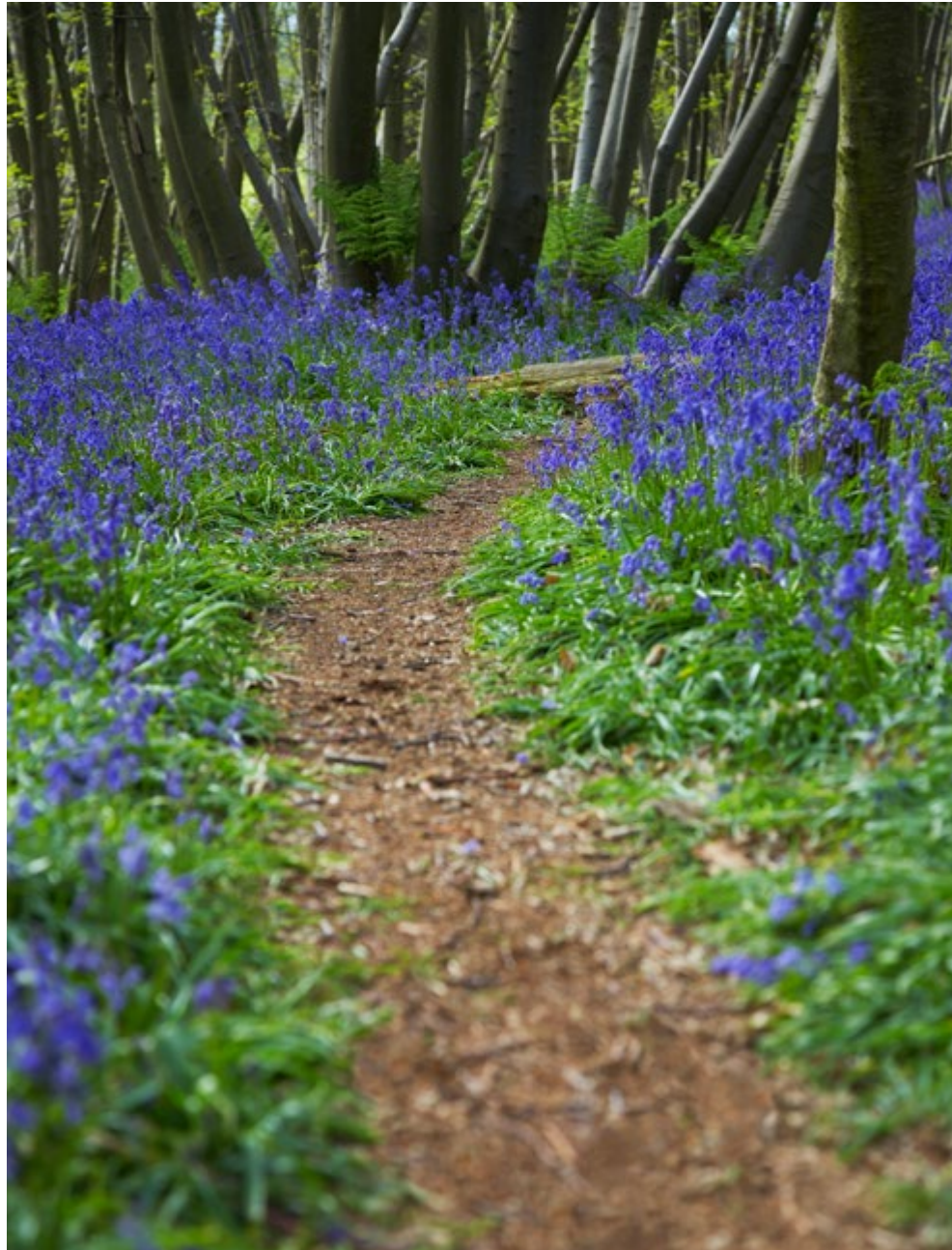
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Human Rights

Human Rights Policy

Supply Chain

Lexmark Supplier Code of Conduct
EICC Code of Conduct
Lexmark Political Contribution Policy



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Materiality

Lexmark identifies critical social issues within our sustainability strategy through communications with stakeholders, which includes a dozen defined groups that are impacted or influenced by the actions of our company.

We believe that stakeholder engagement is fundamental to the process of determining our direction, not only as a business, but also as a global corporate citizen. To derive the most benefit, we engage on an ongoing basis. The feedback we get from regular interaction with our stakeholders is utilized throughout our decision-making process.

We regularly engage with the following stakeholder groups throughout the year:

- Analysts/Journalists
- Regulators/Legislators
- Non-governmental organizations (NGOs)
- Customers
- End users
- Supply chain
- Reseller chain
- Employees and Board
- Shareholders/Investors
- Other corporations
- Local communities

Lexmark identifies these groups as key stakeholders through business judgment of their impact on our organization. When identifying stakeholders, we also consider the groups' ability to engage with us in a meaningful way.

Throughout the year, we gather information through many methods and with varying frequency, depending on the source of feedback:

- Biannual employee survey information
- Quarterly investor feedback through earnings calls, in addition to annual Investor Days, shareholder meetings and third-party investor conferences
- Ongoing employee forums (internal chat sites and Diversity Network Groups)
- Ongoing customer feedback through face-to-face meetings, trade shows, Technical Support Center calls, and the Web (including social media and blogs)
- Ongoing community feedback through active participation in local organizations
- Ongoing analyst and press feedback through published reports, articles and briefings
- Ongoing conference participation, which provides feedback from NGOs, analysts, academia and peer groups
- Ongoing Lexmark Ethics Committee and Risk Committee feedback
- Ongoing market research: peer group materiality assessments, industry trends, global issues and opportunities for improvement
- Ongoing meetings and briefings with government and regulatory bodies
- Note: Lexmark does not engage significantly in lobbying.
- Ongoing review of and participation in both voluntary and regulatory standards
- Ongoing participation with industry groups; for example, the Electronic Industry Citizenship Coalition (EICC)

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While we group similar stakeholders together for purposes of analysis, each group has a wide range of individual issues of interest. The table below is a broad summary of the category of topics on which our stakeholder groups are most engaged.

	Citizenship	Governance	Workplace	Products
Analysts/Journalists				
Regulators/Legislators				
NGOs				
Customers				
End users				
Supply chain				
Reseller chain				
Employees and board				
Investors				
Other corporations				
Local community				

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One method of engagement for Lexmark is through our involvement in industry coalitions, trade associations, and externally developed environmental and social charters. Some of the prominent groups or standards for Lexmark are:

- Information Technology Industry Council (ITI) and ITI Environmental Leadership Council
- National Arbor Day Foundation
- The Nature Conservancy (TNC) and TNC of Kentucky Corporate Sustainability Council
- Ellen MacArthur Foundation
- United Nations Global Compact
- Manufacturing Leadership Council
- Carbon Disclosure Project
- Maquiladora association (INDEX Juarez)
- DIGITALEUROPE
- Bundesverband Informationswirtschaft, Telekommunikation und neue Medien (BITKOM)
- U.S. National Chamber of Commerce
- American National Standards Institute (ANSI)
- Ecma International
- Deutsches Institut für Normung (DIN)
- Mid-America Gay and Lesbian Chamber of Commerce
- Australian Information Industry Association
- Employers and Manufacturers Association (Asia Pacific)
- IT-BPO Tripartite Council (Department of Labor and Employment, Philippines)
- Business Imaging Association of Australia (BIAA)

- Information Technology Association of Canada (ITAC)
- University of Kentucky Center for Sustainable Manufacturing

We value all the feedback we gather from our stakeholders. We believe that a more comprehensive perspective contributes positively toward our strategic and tactical decisions. We respond to these key topics of concern by incorporating the feedback into our decision-making process and by including them in our materiality analysis, which ensures proper focus moving forward.

Our efforts are prioritized and balanced to maintain alignment with our vision and values. To be an effective organization, we must be able to focus efforts on those initiatives that are most relevant and actionable. Our citizenship prioritization begins by capturing a wide range of potentially key subjects, and then considering more than 50 subjects relevant to our stakeholders with regard to corporate citizenship. This way, we are able to recognize and respect a highly diverse set of issues.

From there we begin the process of focusing on the most relevant issues for Lexmark. Lexmark utilizes extensive qualitative and quantitative analyses to contribute to business judgments in making strategic and operational decisions for the company. In 2014, we added a rigorous research methodology to our process—pairwise comparison analysis—which adds to the clarity of our focus.

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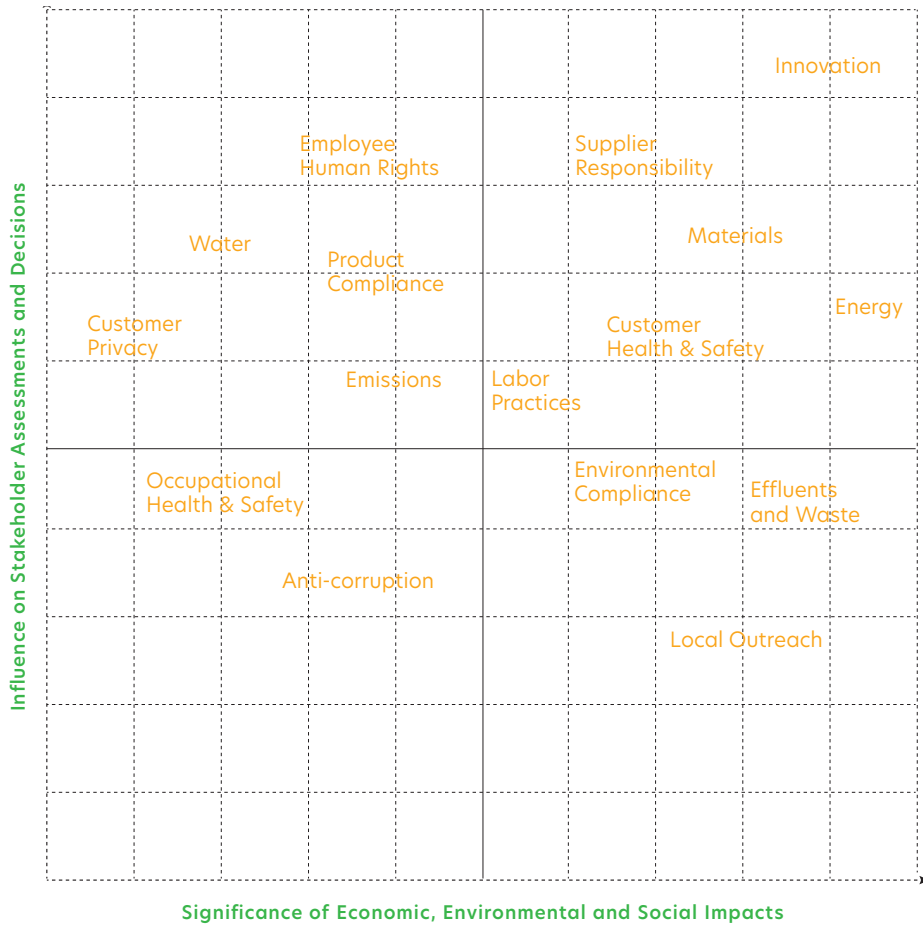
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Materiality



With this enhanced process, we have determined our material subjects.

This allows our organization to see what is most meaningful to our broad set of stakeholders and to align our efforts accordingly. This is an ongoing process and we continue to monitor for changing sentiment.

These material subjects drive action within our operations. To manage the advancement in these areas effectively, it is beneficial to map Lexmark's organizational groups to the subjects most relevant to them. While this report represents the first publication describing our organization in this manner, the scope of this analysis and boundaries described here have not significantly changed from previous years.

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The diagram below represents our organization. The inner circle represents our internal organization and the outer circle represents groups external to our organization:



Outside of Organization

- Supplier
- Channel
- Customer

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Relevance of material aspects/subjects to Lexmark's organizational groups

Material Aspect	Brief Description of Aspect	Impact Area
Innovation	Fostering a culture of discovery and advancement.	All internal and external to the organization
Materials	Materials used by weight or volume. Approach to using recycled content and recycling.	Manufacturing and transport/warehouse; corporations and government, OEM, Lexmark ISS
Products and Services	Extent of mitigation of environmental impacts of products and services.	All customers, all channels, Lexmark internal organization
Anti-corruption	Established policies on anti-corruption. Communication and training on anti-corruption policies and procedures.	All internal and external to the organization
Energy	Reporting energy consumption, targets, and use reduction progress.	Manufacturing and transportation/warehouse; all customers, Lexmark internal organization
Product Compliance	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	All customers, Lexmark internal organization
Effluents and Waste	Total water discharge by quality and destination. Total weight of waste by type and disposal method. Total number and volume of significant spills. Documentation of any hazardous waste.	Lexmark ISS, all customers
Employment (Labor)	Description of current and new employee base in terms of age, gender and region. Description of benefits provided.	Lexmark internal organization, end users and corporations
Customer Health and Safety	Health and safety assessments for products and services, and any incidents of noncompliance with regulations and voluntary codes concerning the health and safety impacts.	All internal and external to the organization
Human Rights	Focus on nondiscrimination, freedom of association, child labor, security practices and forced labor.	Lexmark internal organization, end users and corporations

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Relevance of material aspects/subjects to Lexmark's organizational groups (cont.)

Material Aspect	Brief Description of Aspect	Impact Area
Emissions	Disclosure of all greenhouse gas emissions, as well as other significant air emissions, including trends.	All customers, all channels, Lexmark internal organization
Supplier Responsibility	Overall assessments of suppliers' performance on environmental practices, labor practices, human rights and impacts on society.	All internal and external to the organization
Water	Total water use, water sources, and water recycling efforts.	Lexmark ISS, end user and corporations
Customer Privacy	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Lexmark internal organization, all customers
Environmental Compliance	Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with environmental laws and regulations.	All internal and external to the organization
Local Outreach	Activities to enhance the communities in which we live and work.	Lexmark internal organization, all customers
Occupational Health and Safety	Injury rates and lost workdays, committee and any union representation.	Lexmark internal organization

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Transparency & Ethics

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.

In 2014, nearly all regular, worldwide employees and managers (99 percent) acknowledged their understanding of the 2014 Code of Business Conduct confirming that they conduct themselves and Lexmark business in accordance with the Code's requirements.

Lexmark requires targeted anti-corruption and anti-bribery 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 Lexmark disciplinary action, as well as substantial government fines and/or imprisonment. Lexmark publicly reports infractions of the Business Code of Conduct that impact investors.

Preventing Corruption

Both Lexmark business units (Imaging Solutions and Services [ISS] and Enterprise Software [ES]) are regularly analyzed for risks related to corruption. All locations and operations are included when considering fraud risks. Approximately 75 entities and operations are specifically identified during the review process. 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.

The annual audit planning process takes into consideration high-risk fraud areas. The planning phase for each audit includes a discussion and consideration of fraud risk. Based on the risk assessment for fraud, internal Audit evaluates controls in each area audited through test steps designed to address fraud risks. Specific audits are also planned to primarily focus on fraud risks. Key risks are revenue recognition, inventory,

receivables, fixed assets, liabilities/disbursements and employee payables.

Lexmark has a zero-tolerance policy towards bribery and corruption among 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 2014.

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

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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 U.S. 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

Because of our 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, human rights, workplace discrimination, health and safety 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.

Vision 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. To learn more about our vision and values, see our [Vision and Values page](#).

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 provider of the telephone lines is 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 question accounting or auditing matters, or to report possible unethical or illegal

conduct to the Finance and Audit Committee. A third-party provider operates the contact line. The third-party provider of the telephone lines is 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 2010–2014, Lexmark acquired 12 software companies. During due diligence of the target companies, Lexmark confirmed that each of these companies prohibit discrimination 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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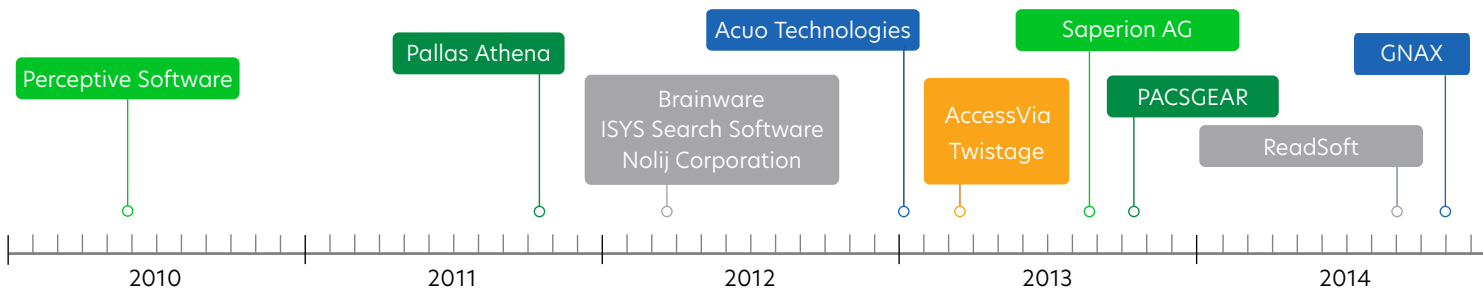
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2014 CSR Awards & Recognition

CR's 100 Best Corporate Citizens 2014

Lexmark was ranked 35th in Corporate Responsibility (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 U.S. 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.



2014-2015 Global Compact 100

Lexmark is recognized in the top 100 companies in the United Nations Global Compact (UNGC) global stock index, which combines corporate sustainability and baseline financial performance. GC-100 was developed by UNGC in partnership with research firm Sustainalytics. This is UNGC's second listing and Lexmark's second time to be included.



Most Trustworthy Public Companies 2014 Top Ten list

Trust Across America (TAA) recognized Lexmark as fifth on its America's Most Trustworthy Public Companies 2014 Top Ten list. Public companies with the highest five-year ranking on five equally weighted quantitative indicators of trustworthiness: financial stability, accounting conservativeness, corporate governance, transparency and sustainability. Companies are not nominated and do not participate in the analysis or apply. They are independently identified with the highest scores in all five indicators.



EcoVadis Gold CSR Rating

Lexmark received the highest gold rating in a sustainability survey conducted by EcoVadis. Suppliers from 99 countries and across 150 business sectors on corporate policies, initiatives and achievements in areas concerning the environment, labor practices, fair business practices and supply chain.



Top 25 Southeastern Sustainable Companies



Lexmark was ranked first for companies headquartered in Kentucky. 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.

Manufacturing Leadership 100 Awards

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



When Work Works Award

Lexmark has been recognized nationally for the seventh year in a row for its commitment to workplace flexibility.



HRC's 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. Lexmark has been recognized on the index every year since 2005.

Supplier Recognition Award

CSX recognized Lexmark as an outstanding supplier in Corporate Social Responsibility at the annual Greenbrier Railroad Summit hosted by CSX in December 2014. Lexmark partners with CSX to reduce their paper waste, which contributes to a reduction of their corporate carbon footprint.



2014 Ambassadors of Science Literacy

The Kentucky Science Center in Louisville, Kentucky, recognizes groups serving the region through creativity, open-mindedness and a willingness to challenge the status quo. Lexmark's commitment to cultivating a corporate culture of investing with financial human resources demonstrates an impact essential to STEM awareness.

Bicycle Friendly Business Award—Silver Class

The League of American Bicyclists recognized Lexmark with a Silver award for leading America toward a greener future. International ICT Awards Lexmark Cebu received an award for Best Global In-House Center of the Year and runner up for the Most Innovative Company of the Year at the International ICT Awards 2014.



IAIR Awards

named Lexmark in the Best Company for Leadership category.

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Risks, Opportunities & Impacts

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

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

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), a method for consumers to evaluate the effect of a product on the environment. For more information, go to www.epeat.net.

Operational initiatives encompass all the activities we engage in 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.

Lexmark has made great progress reducing the environmental impacts of our operations. We have become more proficient at using our collaboration intranet system, conference calls, Webinars and video conferencing. These tools are being utilized worldwide and have enabled global conversations and increased productivity.

Community initiatives improve the communities in which we live and work by interacting environmentally and socially.

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

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.

In 2015 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 additional 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 consid-

er 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:

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 impact of Lexmark regulatory topics, see [Lexmark Form 10-K](#).

Electronic Waste Obligation

The Waste Electrical and Electronic Equipment (WEEE) Directive issued by the European Union requires producers of electrical and electronic goods to be financially responsible for specified collection, recycling, treatment and disposal of past and future 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 impact of waste, see [Lexmark Form 10-K](#).

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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 consumption is one of the most effective ways to reduce greenhouse gas emissions, a major contributor to climate change. Lexmark's 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 prob-

ability 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](#).

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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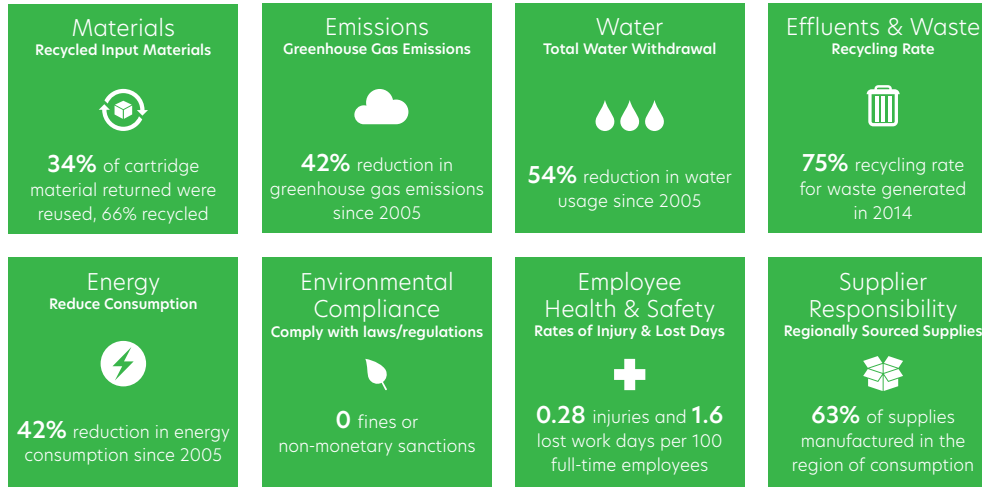
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Key Performance Indicators

Our key performance indicators (KPIs) define the environmental, social and governance factors that matter the most to Lexmark. Based on our priorities, we set operational targets and measure our progress toward achieving these goals. Our KPIs are critical to our operations and were selected using the Global Reporting Initiative Sustainability Reporting Guidelines. Defining material aspects is core to our corporate sustainability strategy and has resulted in Lexmark's assigning resources in areas of risks and opportunities to maximize our potential for success.



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Materiality Aspects	Key Performance Indicators	Target	Progress
Materials	Percentage of materials used that are recycled input materials	Increase the postconsumer recycled (PCR) plastic percentage to 25 percent by 2018.	Lexmark's toner cartridge product line currently contains an average of 12 percent by weight of PCR plastic.
Materials	Percentage of materials used that are recycled input materials	Increase total cartridge material reused through our collection program to 50 percent by weight by 2018.	In 2014, approximately 34 percent by weight of the cartridge material returned were reused.
Emissions	Amount of greenhouse gas (GHG) emissions by weight.	Assess GHG emission scope and boundaries to improve reporting and establish a new baseline that is representative of Lexmark as an end-to-end solutions provider.	Our cumulative reductions in GHG emissions since 2005 are 42 percent.

Materiality Aspects	Key Performance Indicators	Target	Progress
Water	Total water withdrawal by source	2020 goal to reduce water consumption by 58 percent from 2005 baseline.	54 percent reduction in water usage since the 2005 baseline.
Effluents and Waste	Total weight of waste and disposal method	Maintain a minimum of 75 percent recycling rate for waste generated.	Achieved a 75 percent recycling rate for waste generated in 2014.
Energy	Initiatives to reduce energy consumption	Reduce cumulative energy consumption by 51 percent between 2005 and 2020.	42 percent reduction in energy consumption since the 2005 baseline.
Innovation	Impact of our processes to improve our customers' businesses while benefiting society and the environment	Reduce expenses, paper usage and increase productivity.	Beneficial cost savings due to paper and energy reduction. Our software is increasing customers' accuracy and efficiency.
Customer Health and Safety	Percentage of significant products and services are assessed for health and safety impacts	Research and assess each product family for the impact to our customers and communities.	All product families are assessed for the impact to the health and safety of our customers and communities.
Customer Privacy	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Prevent unauthorized access, misuse, disclosure or alteration of our customers' personal information through the use of appropriate physical, technical and administrative security measures.	We have no customer complaints regarding any breach of personal information collected through Internet marketing and sales activities.
Human Rights - Employees	Train employees on human rights policies and procedures	Maintain high percentage of employee participation in human rights training and stay current in human rights best practices.	97 percent of employees in North America participated in training on human rights aspects.
Human Rights - Employees	Incidents of human rights formal grievances	Continue to avoid formal grievances in human rights through training, awareness and procedures.	There have been no findings of human rights grievances in over 12 years.

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Materiality Aspects	Key Performance Indicators	Target	Progress
Anti-corruption	Assess operations for risks related to corruption	Regularly analyze Lexmark business units (Imaging Solutions and Services [ISS] and Enterprise Software [ES]) for risks related to corruption.	All locations and operations are included when considering fraud risks. Approximately 75 entities and operations are specifically identified during the review process. Specifically identified types of fraud risks are considered by Internal Audit during audit planning and execution process.
Anti-corruption	Communication and training on anti-corruption policies and procedures	Require targeted anti-corruption and anti-bribery training courses that educate employees about risks of corruption.	In addition to the corporate wide Code of Business Conduct annual certification process, Lexmark requires that a targeted anti-corruption and anti-bribery training course be completed by select employee groups pertaining to risks of corruption specific to their job functions.
Employment (Labor)	Offering comparable benefits to both full-time and part-time employees	Offer part-time and full-time employees the same competitive benefit packages.	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.
Employment (Labor)	Work Life Balance	Offer U.S. benefits that improve employees' work life balance experience.	In 2014, Lexmark added the parental time off program in the U.S. This has proven to be an effective benefit.

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Materiality Aspects	Key Performance Indicators	Target	Progress
Environmental Compliance	Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with environmental laws and regulations	Compliant with relevant environmental, safety and health regulations as well as laws and other criteria to which Lexmark subscribes.	Lexmark did not incur any fines or nonmonetary sanctions for noncompliance with environmental laws and regulations in the reporting period.
Occupational Health and Safety	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Completion of OHSAS 18001 internal and external audits.	The 2014 global Lexmark Occupational Safety and Health Administration (OSHA) reportable injury rate was 0.28 injuries per 100 full-time employees. Types of injuries reported most frequently include sprains, strains and lacerations. The annual lost work day rate was 1.6 lost work days per 100 full-time employees.
Supplier Responsibility	Social and environmental risks in the supply chain	Capture and analyze the CSR initiatives of our key suppliers. Create ongoing discussions between Lexmark and its suppliers to document our progress on environmental and social initiatives, and explore how we can improve as responsible corporate citizens.	The Lexmark Supplier CSR Questionnaire, created in 2014, provides us greater understanding of our supplier CSR initiatives. We encourage key suppliers to complete the EICC Self-Assessment Questionnaire (SAQ) and ask that they publish an annual sustainability report.
Supplier Responsibility	Practices of local suppliers at significant locations of operations	Regionally source 80 percent of our supplies by 2017.	We achieved 63 percent supplies manufactured in the region of consumption in 2014.
Local Outreach	Services provided to the community	Invest in science, technology, engineering and math (STEM) fields with our financial resources and employee volunteerism.	In 2014, continue to invest in STEM activities that include Youth Science Summit, Engineering Week, Women in Engineering day, science fairs and INSPIRE—Lexmark’s teaching award.

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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.

Operating sustainably is part of Lexmark's corporate vision and values. Using internationally recognized standards for environmental management at multiple sites helps us maintain focus on setting and achieving specific goals for environmental health and safety. Environmental reporting also helps Lexmark focus on areas of operation where processes may be improved, yielding benefit for the business and communities around us.

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Environmental Sustainability

Lexmark’s commitment to environmental sustainability is evident in all areas of operation. We strive to develop responsibly designed solutions, products and services in accordance with high standards of environmental performance that minimize our impact. We monitor these standards and seek ongoing improvement through quantifiable goals in the following operational areas:

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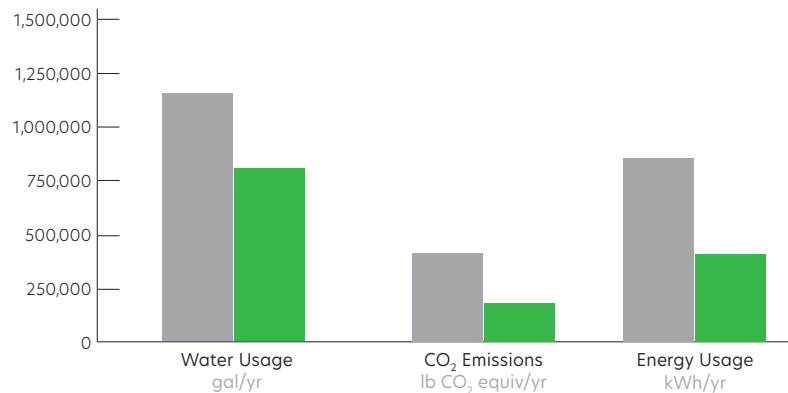
Lexmark dedicates significant resources to reduce the environmental impact of our operations and to develop products with environmentally beneficial features. In the past three years alone (2012–2014), Lexmark has dedicated more than \$1 billion to research and development. A portion of those funds has been used to develop energy-efficient features for our devices, reusable components and print-less solutions that reduce the environmental impact of printing.

Designing products with sustainable features has substantial environmental and monetary benefits. At Lexmark headquarters, implementation of our solutions, products and services reduced our water usage by 35 percent, energy usage by 49 percent and CO₂ emissions by 48 percent over a five-year period. Our customers also reduce their environmental impact and lower their costs from printing by using our solutions. Click [here](#) to view how our innovative customer partnerships have cut waste and protected natural resources in everyday business processes.

Environmental Savings from Print Infrastructure Optimization

Lexmark Headquarters

Before After



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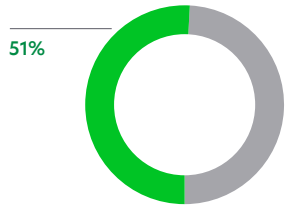
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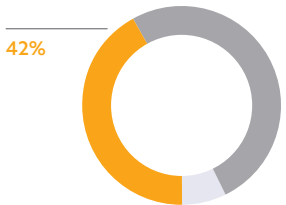
Energy Consumption

Goal



Reduce cumulative energy consumption by **51%** between 2005 and 2020.

Progress



Reduced cumulative energy consumption by **42%** between 2005 and 2014.

Lexmark continues to focus on maintaining efficient use of natural resources at our leased and owned manufacturing facilities, research and development facilities, and office spaces worldwide. In 2013, Lexmark reported meeting its 12-year, 20 percent energy reduction goal ahead of schedule, and then established a new goal to further reduce consumption by a total of 51 percent by 2020¹. Lexmark is a growing business and an evolving end-to-end solutions provider.

We are assessing how these changes will impact energy consumption in the coming years. Lexmark did not see a reduction in energy in 2014, seeing instead a slight increase of 1 percent when compared to 2013. We will assess the boundaries of energy consumption reporting and adjust targets if necessary to account for growth of the organization as a whole.

Investments in Energy Efficiency

Lexmark's investments in energy efficiency over the years include significant facilities projects at headquarters:

- 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
- Lighting replacements, including more efficient T8 fluorescent and LED lighting in the Lexmark Center for Children day-care center and in our parking lots.

Lexmark will continue to invest in energy efficient equipment as current equipment reaches end of life and upgrades to buildings are necessary.

Lexmark also educates employees about conserving energy in the workplace and discourages the use of space heaters, personal refrigerators, and personal printers, which increase energy use.

Electricity—Lexmark's Indirect Energy Source

Lexmark operations use only one indirect energy source: the driver of its Scope 2 emissions, electricity. Electricity used at Lexmark facilities is primarily purchased from local energy providers from local grids. The electricity supplied is generated by a variety of nonrenewable and renewable primary-energy sources, including coal, nuclear energy, solar power, wind power, geothermal energy, and hydropower. Lexmark estimates the electrical power derived from renewable sources in 2014 to be 12.5 percent. Specifically, Boulder used 39,788 gigajoules of renewable energy sourced from solar, wind and hydroelectric power. The total electrical power used that is derived from nonrenewable sources is estimated to be 479,279 gigajoules.

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Energy Tables

Total Energy - Enterprise Level

Scope 1 and Scope 2 (Gigajoules)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	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	863,284

Normalized Total Energy Enterprise Level

Scope 1 and Scope 2 (Gigajoules/ \$M revenue)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	286	267	258	281	275	255	259	253	233	233

Total Energy Facility Level

Scope 1 and Scope 2 (Gigajoules)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Lexington, KY, USA			503,582	472,503	421,846	392,615	376,682	345,151	298,996	298,714
Boulder, CO, USA			269,503	279,824	227,301	253,184	266,134	252,666	264,734	255,340
Juarez, Mexico			132,805	234,805	184,336	186,097	193,800	193,780	190,125	196,012
Lapu-Lapu City, Philippines (Manufacturing)			154,553	175,615	154,578	161,930	131,220	88,944	22,583	0
Cebu City, Philippines (Research & Dev)			6,958	25,919	50,755	54,441	56,396	48,385	42,246	41,011
Shawnee, KS					13,399	12,299	14,865	11,748	12,133	18,048
All Other			216,633	82,416	13,265	10,149	40,837	20,794	24,204	54,159

Direct Energy Enterprise Level

Scope 1 (Gigajoules)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	556,247	453,238	362,327	376,587	326,656	311,336	332,962	295,708	286,204	315,037

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Normalized Direct Energy Enterprise Level

Scope 1 (Gigajoules/ \$M revenue)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	107	89	73	83	84	74	80	78	78	85

Indirect Energy (Electrical Power) Enterprise Level

Scope 1 (Gigajoules/ \$M revenue)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	936,656	913,318	921,707	894,496	738,624	759,379	746,972	666,210	568,817	548,247

Normalized Indirect Energy (Electrical Power) Enterprise Level

Scope 2 (Gigajoules/ \$M revenue)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	179	179	185	197	190	181	179	175	155	148

Indirect Energy (Electrical Power) Facility Level

Scope 2 (Gigajoules)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Lexington, KY, USA			309,767	284,237	254,764	234,243	221,832	210,576	175,529	172,573
Boulder, CO, USA			160,050	170,741	134,475	163,540	170,746	164,576	177,688	175,710
Juarez, Mexico			123,865	182,304	127,469	123,725	124,352	124,851	122,972	126,089
Lapu-Lapu City, Philippines (Manufacturing)			154,553	175,615	154,578	161,930	131,219	88,944	22,375	0
Cebu City, Philippines (Research & Dev)			6,958	25,814	49,808	51,943	48,397	46,636	39,857	38,827
Shawnee, KS, USA					13,399	12,299	14,768	11,455	11,470	17,247
Kolkata, India							13,883	6,467	6,427	6,346
All Other			166,514	55,785	4,131	11,699	21,775	12,705	12,499	11,455

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Lexmark Facilities Electric Fees In U.S. \$

Scope 2 (Gigajoules)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	3,012,489
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	3,595,954
Juarez, 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	3,855,537
Lapu-Lapu City, 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	0
Cebu City, Philippines (Research & Dev)			192,993	728,715	1,514,875	1,865,517	1,875,452	2,228,415	1,866,137	1,798,011
Shawnee, KS, USA					218,411	217,763	250,775	257,932	284,636	513,085
Kolkata, India							460,000	254,808	256,428	257,088
Maidenhead, England									259,660	86,984
All Other	4,036,031	4,676,650	4,746,186	4,475,133	1,304,824	578,090	297,031	464,093	445,010	421,225
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	13,540,373

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Non-Renewable Energy Primary Source

Nonrenewable fuels	MWh	Gigajoule
Natural gas	78035	280,925
Diesel/gas oil	9,475	34,112
Distillate fuel oil no. 5	0	0
Propane	0	0
Renewable fuels	MWh	Gigajoule
Biofuel	0	0
Hydrogen	0	0

Kilometers Traveled

US, Canada, Mexico, Austria, Switzerland, Germany, India, Philippines, and China included for leased/owned vehicle reporting Air travel in the US, Europe, Australia, India and Canada is reported through our travel partner.

Air travel in the US, Europe, Australia, India and Canada is reported through our travel partner.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Air Kilometers	83,189,357	73,545,385	67,256,826	70,851,467	41,043,898	63,688,686	62,814,164	67,365,383	69,507,146	94,575,027
Auto Kilometers	2,977,693	2,898,318	3,088,475	4,550,894	4,384,896	6,065,861	5,718,373	6,407,603	7,249,203	12,068,649
Total Kilometers	86,167,050	76,443,703	70,345,301	75,402,361	45,428,794	69,754,547	68,532,537	73,772,986	76,756,349	103,492,535
Kilometers per Employee				5,386	3,859	5,312	5,191	6,068	6,497	8,634

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Natural Gas—Lexmark’s Main Direct Energy Source

Lexmark operations make use of several direct energy sources in our operations, which drive our Scope 1 emissions: natural gas, diesel fuel and gasoline. These non-renewable energy sources are purchased from local vendors and then used to generate steam, power backup generators, provide heat to certain Lexmark facilities and provide fuel for leased/owned vehicles. 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 2014, total consumption was 7,495,355 cubic meters, 48 percent less than in 2005. Reductions may be attributed to the elimination of a few large site contributors due to the inkjet business exit.

Lexmark’s overall direct-energy consumption has increased by 10 percent from 2013 to 2014, as shown in the Scope 1/ Direct Energy series of the Total Energy chart. This may be

attributed to adding leased/owned vehicle emissions to Scope 1 reporting. 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

Lexmark is conscious of the impact business travel can have on the environment. We use lower-impact, real-time alternatives such as conference calls, Web-based meetings and videoconferencing when possible to avoid unnecessary travel. Lexmark also encourages employees to combine business trips and utilize public transportation over taxis and rental car.

Lexmark, in collaboration with our vehicle provider and travel partner, calculates miles traveled with Lexmark-owned, -leased, and -rented vehicles. Air travel is also tracked through Lexmark’s travel partner, which has considerably expanded its scope of reporting. This expansion in reporting, as well as Lexmark’s continued business expansion and development work, has resulted in an increase in travel for 2014.

Kilometers Traveled 2014



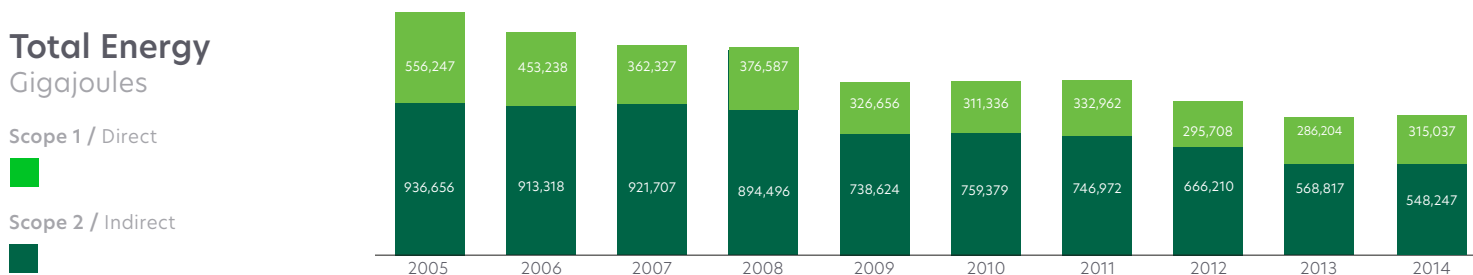
Lexmark leased/owned vehicle data is reported for the U.S., Canada, Mexico, Austria, Switzerland, Germany, India, Philippines and China.

Worldwide air travel is reported for Lexmark employees in the US, Europe, Australia, India and Canada.

Total Energy Gigajoules

Scope 1 / Direct

Scope 2 / Indirect



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Product Transportation

Part of our business requires physical shipping of products worldwide. 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.

Lexmark has been a U.S. Environmental Protection Agency (EPA) SmartWay partner since September 2008. 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.

Lexmark utilizes several methods to help reduce the negative impacts associated with product shipping in North America:

► Cube utilization

Lexmark focuses on developing robust products and efficient packaging that results in a smaller packaged footprint and increased cargo packaging efficiency.

► Direct-shipping model

Moving freight directly from ports to customer destinations helps Lexmark reduce the total miles products must travel, as well as warehousing in route. Lexmark shipped 18 percent more revenue with direct shipments from our vendor locations to our customers in 2014

as compared with 2013. Similarly, ocean carriers eliminate inland cargo moves by transporting customer-directed goods from key supplier points directly to the consignee, reducing energy use and air emissions.

► Intermodal freight transportation

Lexmark continues to employ intermodal freight transportation (ocean, rail, air, inland water and roadways, and so on) for inbound moves to realize savings of time, money and fuel. Lexmark targets and achieves 95 percent intermodal use in the U.S. Lexmark utilizes multiple Transportation Management Systems to help select the most effective mode of transportation for products; for example, shifting air shipments to ground transportation or making use of full truckloads versus partially full loads. These systems also help combine multiple orders into single shipments, which results in fewer miles driven. In 2014, due to shipment optimization, Lexmark achieved a logistic cost savings of 10.3 percent in the United States and 14.7 percent logistic cost savings in Canada.

Lexmark EMEA is working with partners to track inbound and outbound product transport. They are also investigating the use of intermodal freight transportation.

Regional Manufacturing

Lexmark continued to make progress in the shift to regional manufacturing. We are still on target to increase the number of cartridges manufactured in the region of consumption from 50 to 80 percent by 2017,

progressing to 63 percent regional manufacturing worldwide in 2014. Regional manufacturing improves supply chain efficiency and helps Lexmark respond more quickly to customer needs.

It also has a tangible benefit to the environment by reducing greenhouse gas emissions as well as providing jobs for people in the regions where our cartridges are used most. Since introducing the manufacturing location in Poland in 2013, the volume of cartridges manufactured in this region has increased by 80 percent in 2014, eliminating the need for 332 ocean cargo containers to be transported from Hong Kong, China to Europe, saving approximately 620 metric tons of greenhouse gas².

Click [here](#) to see detailed energy consumption information.

¹Baseline 2005

²Based on carbon calculator from log-net.com/sustainability.

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Greenhouse Gas Emissions

In the past year, Lexmark has continued the shift from a hardware-centric company to an end-to-end solutions provider. The exit from the inkjet business has helped reduce our emissions over the past few years. Lexmark has made several new acquisitions and is working to assess the boundaries of reporting due to this continued business evolution. We have made some changes in reporting in 2014; for example, refrigerants are now being assessed as Scope 1 emissions via the GHG Protocol. Our travel partner has also expanded its scope of reporting, providing improved transparency while increasing our overall reporting of Scope 3 emissions.

Our cumulative reductions in greenhouse gas emissions since 2005 are 42 percent.

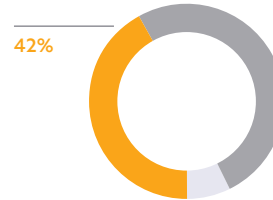
The following chart shows the Lexmark Scope 1 (Direct), Scope 2 (Indirect), and Scope 3 (Other) greenhouse gas emissions for the years 2005 through 2014 in metric tons of CO₂ equivalents:



Goal

Assess greenhouse gas emission scope and boundaries to improve reporting and establish a new baseline that is representative of Lexmark as an end-to-end solutions provider.

Progress



Our cumulative reductions since 2005 are 42%, while showing an increase since 2013; our overall reporting has improved in 2014.

Total Scope 1, Scope 2 & Scope 3 Emissions¹ (Metric Tons CO₂e)

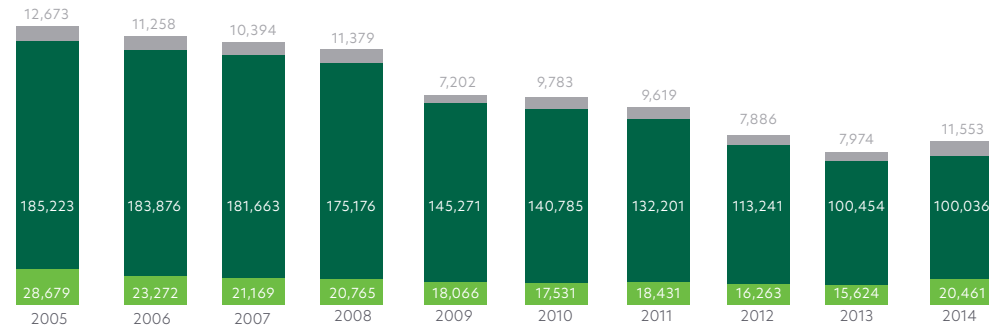
Scope 1 / Direct



Scope 2 / Indirect



Scope 3 / Other



* Scope: Canada, China, France, Hungary, India, Philippines, U.S., Mexico, Switzerland, Austria and Germany

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Greenhouse Gas Emissions Data

Total Scope 1, Scope 2, Scope 3 Emissions

(Metric Tons CO ₂ e)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Scope 1	28,679	23,272	21,169	20,765	18,066	17,531	18,431	16,263	15,624	20,461
Scope 2	185,223	183,876	181,663	175,176	145,271	140,785	132,201	113,241	100,454	100,036
Scope 3	12,673	11,258	10,394	11,379	7,202	9,783	9,619	7,886	7,974	11,553
Total Emissions	226,575	218,406	213,226	207,320	170,539	168,099	160,251	137,390	124,052	132,050

Normalized Direct GHG emissions Scope 1

(Metric Tons CO ₂ e /\$M revenue)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	5	5	4	5	5	4	4	4	4	6

Normalized Indirect GHG emissions Scope 2

(Metric Tons CO ₂ e /\$M revenue)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	35	36	37	39	37	34	32	30	27	27

Normalized Other GHG emissions Scope 3

(Metric Tons CO ₂ e /\$M revenue)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	2	2	2	3	2	2	2	2	2	3

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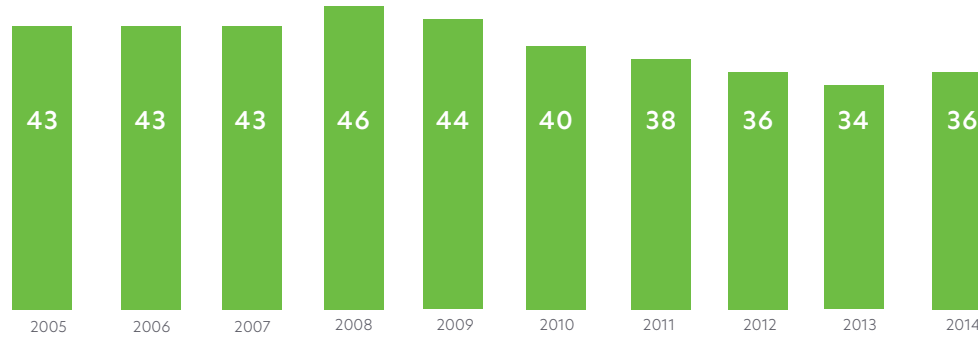
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Normalized Total Emissions¹ (Metric Tons CO₂e / \$M Revenue)



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 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.

Per the GHG Protocol, refrigerant emissions are being reported as Scope 1 emissions in 2014. In terms of CFC-11 reporting, 0.052 metric tons of refrigerants were emitted. Lexmark monitors HVAC systems for leaks with stand-alone system sensors. Due to an increase in refrigerant emissions reported in 2014, Lexmark is investigating the need for upgrades to the leak detection systems in the large chiller areas.

For detailed information on Lexmark greenhouse gas emissions click [here](#).

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Regulated Air Emissions

	(US Short Tons per year) 2011	(US Short Tons per year) 2012	(US Short Tons per year) 2013	(US Short Tons per year) 2014
Methane	0.16	0.16	0.13	0.12
Volatile Organic Compounds (non-methane)	32.52	29.43	16.81	28.23
SO_x	0.18	0.35	0.09	0.08
NO_x	10.41	9.79	8.38	8.10
CO₂	25,779.93	22,488.55	21,512.85	20,660.96
Particulate Matter (PM10)	0.99	0.99	4.86	0.72
Hazardous Air Pollutant	0.57	0.45	0.34	0.34
Toxic Release Inventory (TRI)¹	1.94	1.75	1.85	1.53

Reporting scope: Lexmark facilities, Lexington, KY (USA), Boulder, CO (USA), Juarez, Mexico, provide data for regulated air emissions of reportable quantities. Lapu-Lapu City, Philippines reported data in 2011 and 2012.

¹Toxic Release Inventory (TRI) Program in the United States, Boulder, CO (USA) reporting (stack and fugitive emissions)

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Employee Commute

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.

Here are a few examples of other ways Lexmark promotes environmentally-preferable commuting:

- Lexmark's Competence Center in Budapest has bike racks and showers for employees who pedal to work, and offers discounted monthly or yearly fares to those who prefer public transportation.



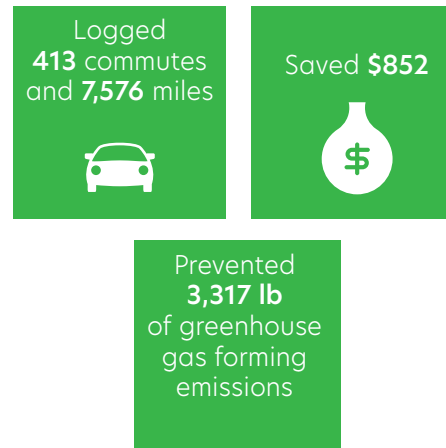
- Lexmark's headquarters in Lexington, Kentucky, has secure bike storage and showers, as well as a public bus stop located in the parking lot.
- In 2014, four electric car charging stations were installed at the Lexington campus and three stations at the Lenexa campus. Each station is equipped with two charging points for registered employees and clients to use free of charge.
- Lexmark's U.S. benefits package also includes WageWorks, which allows commuters taking public transportation to deduct their public transit and parking expenses as pretax funds, which can save employees between 25 and 40 percent. Lexmark's health and wellness program "Live Well" also promoted alternative commuting through their Carless Commute challenge.

Lexmark's Enterprise Software office complex in Lenexa, Kansas, encourages employees to choose environmentally sustainable options to commute to work through The Mid-America Regional Council's RideShare program. The program offers carpooling for employees who live and work in close proximity to the office location. 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, thus decreasing 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.

Employees at the Lexmark Kansas location participated in the Green Commute Challenge that ran from June 2-August 28, 2014. Together they accomplished the following:



Several Lexmark employees at the Coral Gables, Florida, office also take advantage of a vanpool program. After seeing billboards advertising South Florida Vanpools, a publicly funded program started in 1998 by the Miami-Dade Metropolitan Planning Organization, employees organized a meeting in the fall of 2014 to pilot using the program. The pilot has been a success and has expanded in use at this location.

¹ Canada, China, France, Hungary, India, Philippines, U.S., Mexico, Switzerland, Austria and Germany

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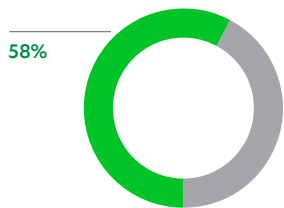
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Lexmark Commitment to Water Conservation and Protection

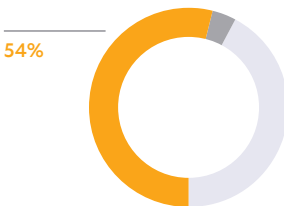
Lexmark continued to make progress in reducing water consumption in 2014. Lexmark is focused on maintaining efficient use of water and conserving water at our facilities. Since our baseline year of 2005, water usage has dropped 54 percent.

Goal



2020 goal to reduce water consumption by **58%** from 2005 baseline.

Progress



54% reduction in water usage since the 2005 baseline.

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 heating, ventilation and air-conditioning (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.

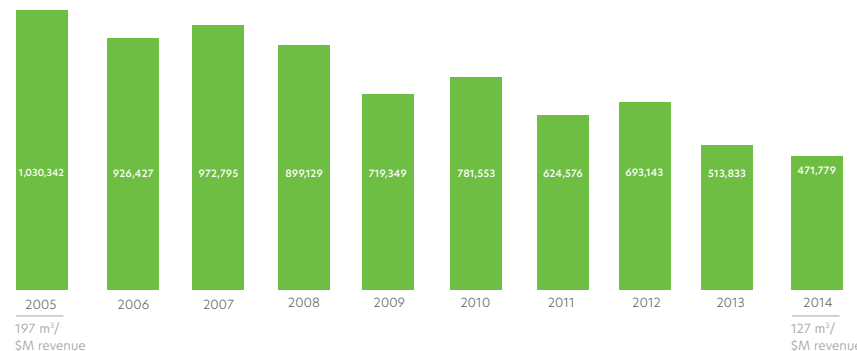
Through the years, Lexmark has initiated several programs at our facilities to reduce consumption of water. In Lexington, Kentucky, more efficient HVAC systems, installation of low-flow plumbing fixtures and a successful partnership with GE Water

services have contributed to water conservation. The most recent major water reduction project at Lexmark headquarters is nearing completion. The project, starting in 2011, began with a \$1 million investment in piping upgrades and \$20K expenditures in 2012, 2013 and 2014 to help reduce leaks and improve reliability. Lexmark is targeting completion of the project by the end of 2015, budgeting \$365,000 to remove four main site fire loop pumps and add one zoned fire pump to lower pressure on the underground site fire piping loop and minimize leaks.

In Kolkata, India, installation of bio-safe and clean waterless urinals, vacuum pressure air-conditioning maintenance and recycling water within the air conditioning system have contributed to a large reduction in water consumption.

Total Water Usage

(m³)



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Water Reuse

Our Boulder, Colorado site uses a reverse osmosis cleaning process to reuse a portion of water generated by manufacturing activities and utilizes a portion of the water coming from the labs and industrial processes in cooling towers. In 2014, Boulder calculated approximately 1.8 million gallons of water were recycled via reverse osmosis and 4 million gallons were reused in cooling towers.

In Juarez, Mexico, 19,620 m³ of water from production processes were reused in

multiple ways, including cooling towers and the toner manufacturing processes, representing 18% of the total water consumption at this site.

No other locations in Lexmark’s water reporting boundary calculate a reuse of water. The reuse at Boulder and Juarez represents approximately 8.8% of the total water usage reported in 2014.

Water Conservation Plan

Lexmark initiated a six-point water conservation plan in 2009. This plan continues to

drive our actions toward achieving more significant and sustained reductions in water. Water performance objectives are regularly established for Lexmark. Performance against these objectives may affect annual performance reviews and related salary adjustments for facilities managers.

As Lexmark assesses boundaries for operational reporting, we may need to establish new contacts or methods of educational awareness surrounding water use at new or changed locations.

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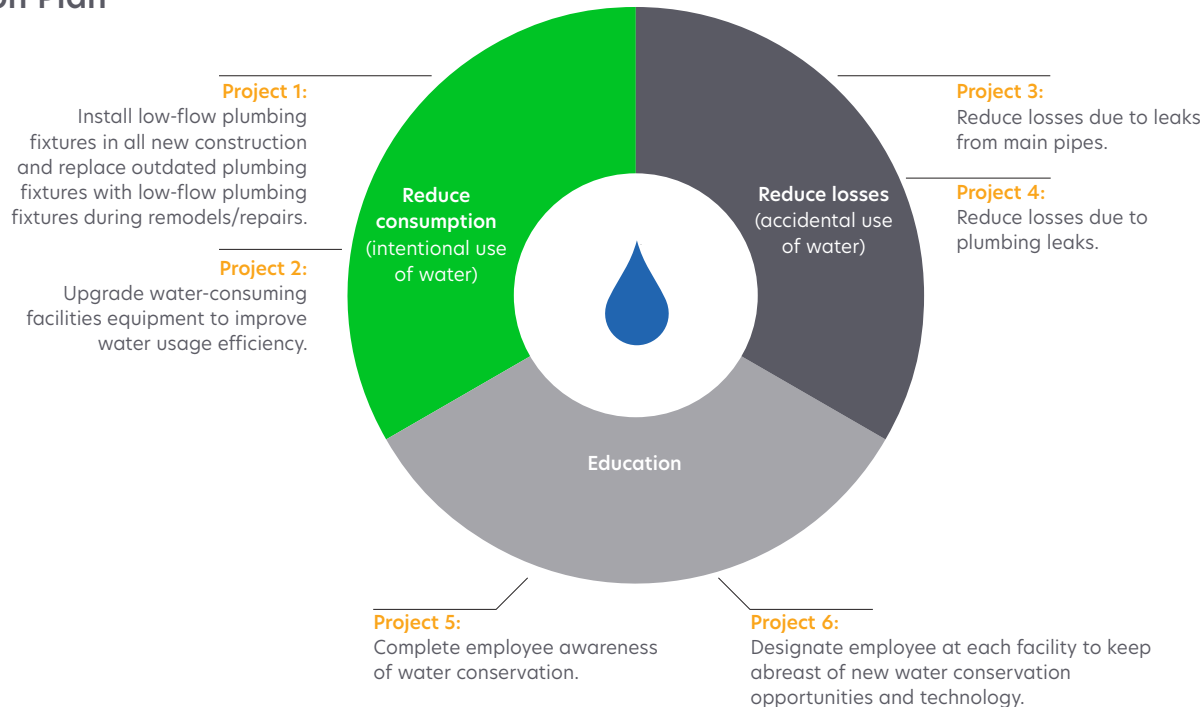
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Water Withdraws and Discharges

Lexmark is concerned with where our water originates and where it ends up. We understand that access to clean, abundant and affordable water is a critical issue. We also understand that our commitment to responsible use of our water resources and protection of local watersheds helps to ensure that our local communities have access to these water resources. Most Lexmark facilities withdraw water exclusively from municipal water supplies and other water utilities. A small amount of rainwater (unmetered) is collected and used by some Lexmark facilities.

Lexmark Facility	Utility Provider	Original Sources of Water*
Lexington, Kentucky, United States	Kentucky American Water	Kentucky River, Jacobson Reservoir and Lake Ellerslie
Boulder, Colorado, United States	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, United States	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 is recognized by professionals to be particularly sensitive due to their relative size, function or status as a rare, threatened, or endangered system. In addition, none supports a particular endangered species of plant or animal, or is considered a nationally or internationally proclaimed conservation area. None of these water sources is significantly affected by Lexmark water usage.

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Total Water Usage

Total Water Usage	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
(m ³)	1,030,342	926,427	972,795	899,129	719,349	781,553	624,576	693,143	513,833	471,779

Normalized Total Water Usage

Normalized Total Water Usage	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
(m ³ /\$M revenue)	197	181	196	198	185	186	150	183	140	127

Water Use and Discharge by Facility (m³)

	Water Use				Wastewater Discharge			
	2011	2012	2013	2014	2011	2012	2013	2014
Lexington, KY, U.S.	269,488	249,318	193,986	188,665	269,488	249,318	94,346	91,266
Boulder, CO, U.S.	117,624	107,998	120,868	107,918	117,624	107,998	120,868	107,918
Juarez, Mexico	67,866	94,134	93,432	107,944	67,866	94,134	93,432	107,944
Lapu-Lapu City, Philippines (Manufacturing)	131,284	158,500	54,076	0	131,284	158,500	54,076	
Cebu City, Philippines (Research & Dev)	25,391	35,899	23,504	25,465	25,391	35,899	23,504	25,465
Kolkata, India		26,512	15,423	22,846		26,512	15,423	22,846
Shawnee, KS, U.S.	6,952	13,227	7,610	11,782	6,952	13,227	7,610	11,782
Budapest, Hungary	840	1,799	2,098	2,719	840	1,799	2,098	2,719
Shenzhen, China	1,291	1,594	1,348	1,520	1,291	1,594	1,348	1,520
Richmond Hill, Canada	2,487	1,950	1,190	1,520	2,487	1,950	1,190	1,520
All Other	1,353	2,212	298	1,400	1,353	2,212	298	1,400
Total	624,576	693,143	513,833	471,779	624,576	693,143	414,193	374,380

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Normalized Water Use and Discharge by Facility (m3/\$M revenue)

	Normalized Water Use				Normalized Wastewater Discharge			
	2011	2012	2013	2014	2011	2012	2013	2014
Lexington, KY, U.S.	64.6	65.6	52.9	50.9	64.6	65.6	25.7	24.6
Boulder, CO, U.S.	28.2	28.4	33.0	29.1	28.2	28.4	33.0	29.1
Juarez, Mexico	16.3	24.8	25.5	29.1	16.3	24.8	25.5	29.1
Lapu-Lapu City, Philippines (Manufacturing)	31.5	41.7	14.7	0.0	31.5	41.7	14.7	0.0
Cebu City, Philippines (Research & Dev)	6.1	9.5	6.4	6.9	6.1	9.5	6.4	6.9
Kolkata, India		7.0	4.2	6.2		7.0	4.2	6.2
Shawnee, KS, U.S.	1.7	3.5	2.1	3.2	1.7	3.5	2.1	3.2
Budapest, Hungary	0.2	0.5	0.6	0.7	0.2	0.5	0.6	0.7
Shenzhen, China	0.3	0.4	0.4	0.4	0.3	0.4	0.4	0.4
Richmond Hill, Canada	0.6	0.5	0.3	0.4	0.6	0.5	0.3	0.4
All Other	0.3	0.6	0.1	0.4	0.3	0.6	0.1	0.4
Total	149.7	182.5	140.1	127.2	149.7	182.5	112.9	100.9

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Lexmark Facilities Water Fees in U.S. \$M

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Lexington, KY, U.S.	\$494,382	\$238,812	\$530,261	\$495,721	\$566,609	\$890,897	\$785,637	\$734,880	\$583,778	\$567,325
Boulder, CO, U.S.	\$127,181	\$134,477	\$90,055	\$91,848	\$82,566	\$102,230	\$120,713	\$114,833	\$141,088	\$129,315
Juarez, Mexico	\$309,737	\$359,979	\$377,382	\$507,840	\$329,040	\$260,261	\$388,283	\$406,461	\$416,684	\$413,385
Lapu-Lapu City, Philippines (Manufacturing)	\$130,142	\$118,151	\$152,218	\$178,763	\$180,365	\$238,488	\$175,904	\$218,685	\$76,853	
Cebu City, Philippines (Research & Dev)	\$0	\$0	\$6,302	\$6,163	\$15,723	\$35,584	\$39,968	\$46,201	\$29,644	\$29,304
All Other	\$185,835	\$285,303	\$391,788	\$313,884	\$104,422	\$13,008	\$16,219	\$28,352	\$21,841	\$39,024.0
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	\$1,178,353

Planned Discharges

Wastewater 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. Lexmark's discharge of environmentally neutral water to the Cane Run Creek that flows through Lexmark property in Lexington, Kentucky, has had positive impact. 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, Kentucky, discharge monitoring has shown that only half (49 percent) of our usage is discharged to the sanitary sewer system. The majority of the remaining water sourced 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 athletic fields.

Juarez, Mexico estimates 20 percent of water is lost due to evaporation in cooling towers, resulting in less sourced water being discharged to the sewage system.

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 address spill prevention, hazardous waste management, recycling, and water quality. These plans cover multiple pollution routes, including discharges to ground, air and water. Pollution prevention plans are in place at all Lexmark-owned manufacturing and research and development facilities worldwide.

Lexmark reported no significant spills in our 2014 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 management systems and other corrective and preventive action programs.

All water discharges (whether planned or unplanned) that are 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 2014 to 2013, Lexmark total water spends decreased by 7 percent.

Water Data

Click [here](#) to see more detailed water management information.

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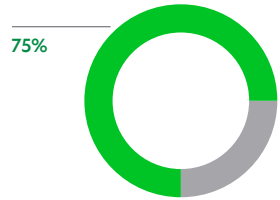
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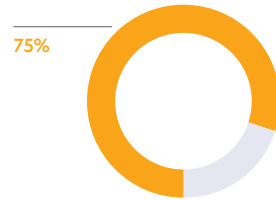
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Goal



Maintain a minimum of **75%** recycling¹ rate for waste generated.

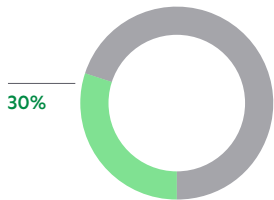
Progress



Achieved a **75%** recycling¹ rate for waste generated in 2014.

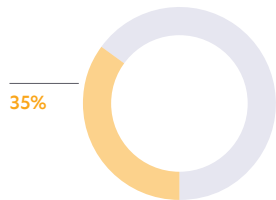
2

Goal



Achieve a **30%** increase in hardware collection and recycling by 2014 as compared to baseline year 2007 per unit sales.

Progress



Increased by **35%** hardware collection per unit sales compared to the 2007 baseline.

Waste Management

At Lexmark, we're committed to disposing waste generated by our worldwide facilities in a safe and responsible manner. Our facilities measure and report our generated waste and disposal methods to ensure we are making progress in our overall waste-reduction efforts. The data for Lexmark waste generation and disposal over the past several years is indicative of the level of progress we are making toward a zero waste company.

Business Waste Management and Recycling Programs

Lexmark has established waste management and recycling programs at all our facilities worldwide. Each Lexmark manufacturing or research and development facility has a written plan to address the appropriate handling of waste generated at the site. The plan addresses the handling, storage and/or transportation of waste that is considered hazardous and non-hazardous. The wastes are managed according to international best practice and follow all governmental regulations.

Lexmark continually works toward reducing the quantity of waste generated. Lexmark decreases our waste production by reducing waste at the source, recycling waste in an environmentally safe manner whenever feasible, treating waste in an environmentally safe manner and disposing waste into the environment as a last resort. Our facilities minimize waste through sustainable operations, lean manufacturing techniques and environmental management programs.

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¹Recycling includes compost, recycle and reuse disposal methods.

Lexmark's established programs collect, recycle and reuse a variety of materials at our company-owned manufacturing and development sites:

Lexington, Kentucky

- Cafeteria waste
- Electronic waste (computers, printers, telephones)
- Construction waste
- Metal scraps from tool rooms
- Aluminum cans
- Batteries
- Glass
- Plastic
- Fluorescent light bulbs
- Cell phones
- Employee recyclables from their homes

Boulder, Colorado

- Waste solvent
- Food waste
- Paper towels
- Scrap Wooden pallets
- Cardboard
- Office paper
- Glass bottles
- Plastic bottles
- Plastic manufacturing trays
- Printer components
- Stretch wrap
- Bulk bags
- Metal

Juarez, Mexico

- Cardboard
- Electronic waste
- Electronic components (RFID, chips)
- Wood
- Metal
- Aluminum cans
- Batteries
- Glass
- Plastic
- Fluorescent light bulbs
- Cell phones
- Cartridges
- Toner

To see detailed information on the progress we've made over the past eight years reducing waste generation, click [here](#).

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).

Each Lexmark chemical usage facility provides controls for chemical, petroleum and waste storage tanks to minimize hazards to human health and the environment from fires and releases of these products. Chemical and waste storage tanks are installed, operated, inspected, and removed according

to the specific and applicable governmental regulations. Chemical waste is primarily processed into usable heat, electricity, or fuel through energy recovery. 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 into Lexmark cartridge packaging and paper products such as tissue and paper towels.

To view more information on how Lexmark recycles test papers into product packaging click [here](#).

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Lexmark's R2 Certified Recycling Plant

Lexmark continuously seeks new ways to reduce its waste footprint. While making great strides in waste reduction at our global manufacturing facilities Lexmark also provides an opportunity to help our customers reduce their waste and increase the number of Lexmark products reused and recycled. In 2007 Lexmark created a recycling plant in Juarez, Mexico, to provide customers a place to return their empty laser cartridges for responsible end-of-life reuse or recycling. The recycling plant is home to the Lexmark Cartridge Collection Program (LCCP) that provides free customer return methods, enables the reuse or recycling of components and parts of the toner cartridges, while adhering to a zero landfill and incineration policy.

The LCCP processes approximately 30,000 empty toner cartridges per day. Select components in empty cartridges are removed and reprocessed for reuse. In the last 10 years, Lexmark has been able to incorporate more than 40 million pounds of materials recovered through the LCCP into the production of laser cartridges. Our goal is to reuse 50 percent of the material, by weight, that is returned via LCCP.

A unique reuse opportunity is through closed loop postconsumer recycled (PCR) plastic. Select plastic components unable to be reused are separated, cleaned, shredded into flakes, and then re-compounded into pellets. The PCR pellets are combined with new



plastic material during the injection molding process to create new components for our laser cartridges. Our goal is to increase the amount of PCR plastic (both closed loop and open market sourced) in newly produced parts to 25 percent by 2018.

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. The LCCP plant is a Responsible Recycling (R2) certified facility that safely recycles and manages electronics based upon an accredited,

third-party auditor. 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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Waste Generation and Recycling Statistics

Lexmark generated a total of 17,474 metric tons of waste in 2014. 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.

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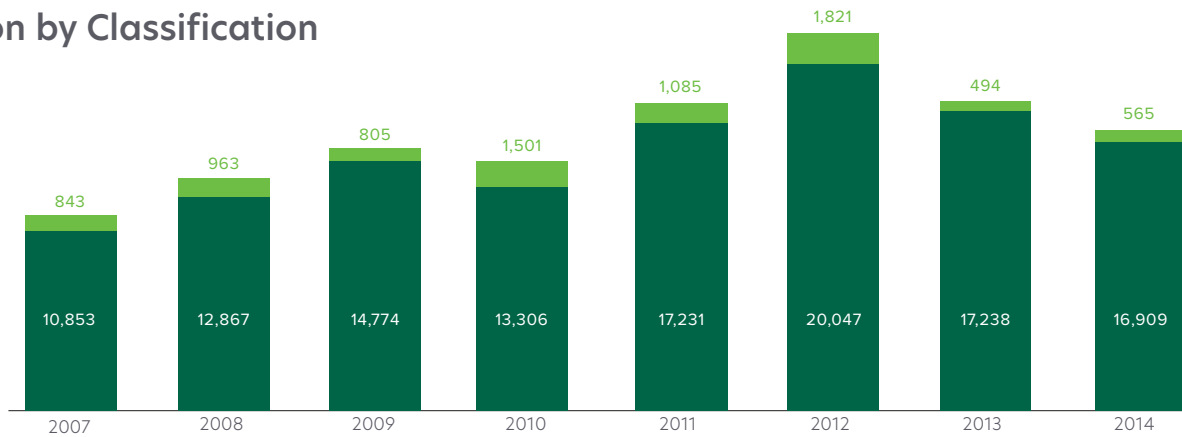
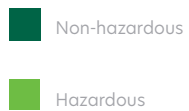
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Waste Generation by Classification

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 and reuse rate from 63 percent to 75 percent. In 2014 Lexmark met our recycling-rate goal of 75 percent.

Consumer Product Waste Management

As a provider of printing solutions, Lexmark shares in the environmental responsibility for those products at the end-of-life. Lexmark offers customers an environmentally responsible choice for disposal of our end-of-life products and supplies. Lexmark Cartridge or Equipment Collection Programs are available in more than 60 countries, representing more than 90 percent of our global market.

Lexmark Cartridge Collection Program recovers millions of used cartridges annually resulting in over 22 million pounds of

material recovered each year for reuse or recycle. Lexmark Equipment Collection Program collects more than 6 million pounds of products annually in the US, EU and Canada for recycling. Through these programs, customers may return any end-of-life Lexmark branded products, and Lexmark will recycle the equipment for free.

Click [here](#) for additional information on Lexmark’s consumer product waste management programs.

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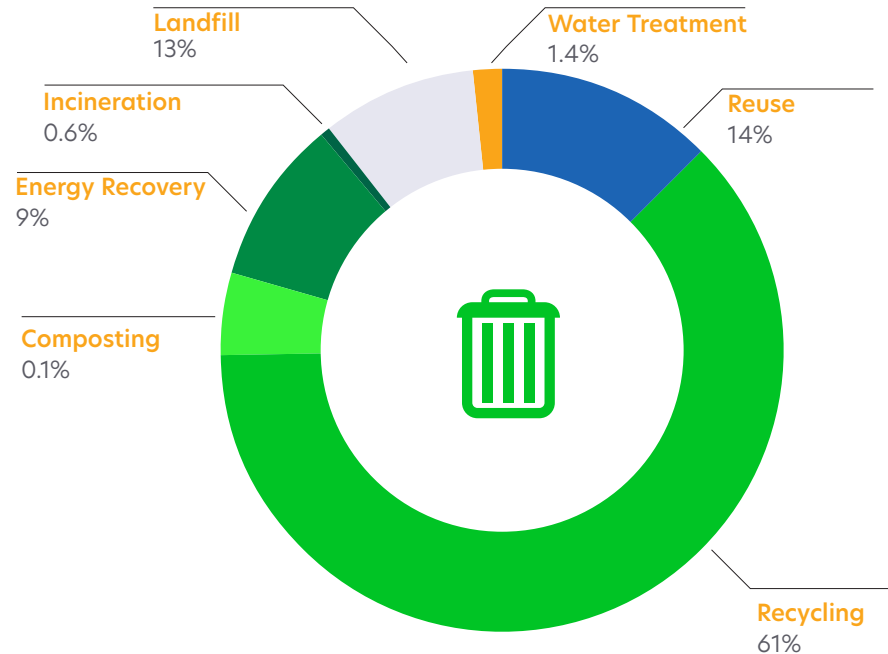
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Waste Treatment by Disposal Method

(Includes LCCP Recycle Facility)



Reuse Key to Lexmark

Lexmark laser printers contain photoconductor units, which are imaging cylinders with photosensitive coatings. At our facilities in Boulder, Colorado, we replace the photosensitive coating on more than two million photoconductors per year, saving energy and materials. In 2014, over 1.4 million photoconductors from our returned cartridges were collected and sent back to Boulder for recoating and reuse. An additional 0.5 million photoconductors were recovered from the manufacturing line resulting in the reuse of 149 metric tons of aluminum.

Boulder stores and transports our photoconductors 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 2014, the continual utilization of our trays kept 104 metric tons of material out of landfills.

At our recycling facility in Juarez, Mexico we recover, clean and reuse the developer roll component of Lexmark printers and multi-function products to divert tons of material from landfills each year. With use the developer roll becomes caked with toner and unsuitable for reuse. Lexmark devised a way to remove the toner residue without damaging the roll. With our innovative cleaning process Lexmark reuses hundreds of thousands of developer rolls each year in remanufactured cartridges. For more information on the innovation behind our developer roll reuse click [here](#).

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.

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 R2 or e-Stewards.

The R2 (Responsible Recycling) Standard is a comprehensive global criteria for e-recyclers and requires responsible management of used computers and electronics. This standard is managed by Sustainable Electronics Recycling International (SERI). 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

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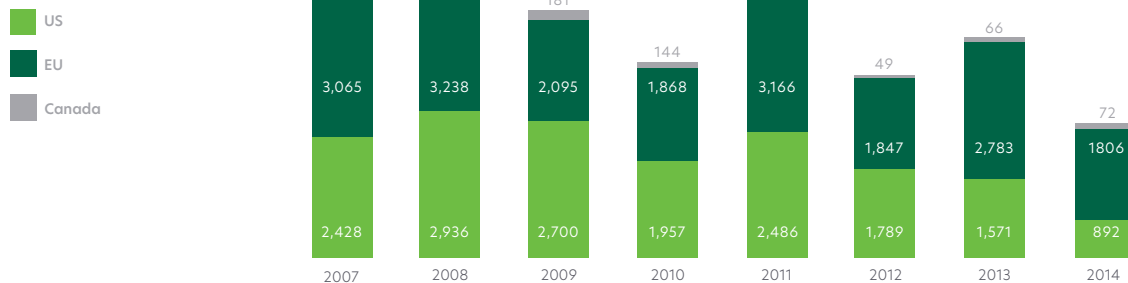
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End-of-Life Electronic Product Recycling
(Metric Tons)



suite of electronics recycling best practices. Both SERI and BAN are working to ensure the electronics recycling industry is environmentally 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 2,700 metric tons of electronic waste on behalf of Lexmark in the United States, Canada and Europe in 2014. Our electronic waste from Mexico is handled by Global Electronic Recycling (GER). GER is an ISO 9001, ISO 14001 and R2/RIOS™ Certified Electronics Recycler.

A new Lexmark partner in Canada is Global Electric Electronic Processing (GEEP) an ISO 14001, ISO 9001, OHSAS 18001 and R2 certified recycler. GEEP works with Lexmark to recycle our consumer and corporate products and their packaging materials. GEEP provides comprehensive processing facilities for e-waste designed to effectively recover materials of electronic equipment. 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 2014 Lexmark increased its hardware collection rate by 35 percent per unit sales to achieve our goal. Lexmark currently offers standardized recycling programs in many countries and variable programs in other countries. We plan to further expand the Lexmark Equipment Collection to India in 2015. 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.

Click [here](#) for more information on the Lexmark Equipment Collection Program.

Electronic Waste Recycling by Location 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](#).

Canada

Lexmark is a member of Electronic Product Stewardship Canada (EPSC), an organization dedicated to promoting and implementing

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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 Aires 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.

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Waste & Recycling Data

Total Waste Generation Enterprise Level

(Metric tons)	2007	2008	2009	2010	2011	2012	2013	2014
Non-Hazardous	10,853	12,867	14,774	13,306	17,231	20,047	17,238	16,909
Hazardous	843	963	805	1,501	1,085	1,821	494	565
Total	11,696	13,829	15,579	14,807	18,316	21,869	17,732	17,474

Normalized Waste Generation Enterprise Level

(Metric Tons/ \$M revenue)	2007	2008	2009	2010	2011	2012	2013	2014
Non-Hazardous	2.2	2.8	3.8	3.2	4.1	5.3	4.7	4.6
Hazardous	0.2	0.2	0.2	0.4	0.3	0.5	0.1	0.15
Total	2.4	3.1	4.0	3.5	4.4	5.8	4.8	4.7

Total Waste Generation Facility Level

(Metric tons)	2007	2008	2009	2010	2011	2012	2013	2014
Lexington, KY, USA	2,589	2,870	2,035	1,389	1,757	2,655	1,988	1,521
Boulder, CO, USA	2,312	2,565	1,991	2,570	2,870	3,849	3,340	3,083
Juarez, Mexico, Manufacturing	4,319	5,689	3,701	3,880	4,935	6,071	4,768	5,104
Juarez, Mexico, LCCP Recycling Plant*	---	256	6,314	5,703	7,791	8,513	7,533	7,662
Cebu City, Philippines (Research & Dev)	---	453	226	146	179	187	104	105
Lapu-Lapu City, Philippines (Manufacturing)	1,329	1,175	1,313	1,119	784	594	---	---
Chihuahua, Mexico	1,146	822	---	---	---	---	---	---

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Non-hazardous Waste Generation Facility Level

(Metric tons)	2007	2008	2009	2010	2011	2012	2013	2014
Lexington, KY, USA	2,569	2,849	2,025	1,385	1,753	2,651	1,984	1,517
Boulder, CO, USA	1,934	2,115	1,730	2,180	2,825	3,816	3,311	3,057
Juarez, Mexico, Manufacturing	3,980	5,332	3,282	2,936	3,985	4,344	4,330	4,584
Juarez, Mexico, LCCP Recycling Plant*	---	255	6,309	5,695	7,788	8,511	7,530	7,655
Cebu City, Philippines (Research & Dev)		444	223	136	169	165	83	95
Lapu-Lapu City, Philippines (Manufacturing)	1,228	1,052	1,205	974	711	560	---	---
Chihuahua, Mexico	1,142	819	---	---	---	---	---	---

Hazardous Waste Generation Facility Level

(Metric tons)	2007	2008	2009	2010	2011	2012	2013	2014
Lexington, KY, USA	20	21	10	4	4	3	4	3
Boulder, CO, USA	378	450	261	390	45	33	28	26
Juarez, Mexico, Manufacturing	339	356	419	944	950	1,727	438	519
Juarez, Mexico, LCCP Recycling Plant*	---	1	5	8	3	2	3	6
Cebu City, Philippines (Research & Dev)	---	9	3	11	9	22	21	9
Lapu-Lapu City, Philippines (Manufacturing)	102	123	108	145	73	34	---	---
Chihuahua, Mexico	5	3	---	---	---	---	---	---

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

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Total Waste Generation Enterprise Level by Disposal Method (with LCCP)

(Metric tons)	2007	2008	2009	2010	2011	2012	2013	2014
Reuse	-	-	-	-	1,780	2,407	2,085	2,492
Recycling	7,347	10,162	12,439	11,470	12,126	13,079	11,161	10,680
Composting	-	-	-	-	25	20	20	13
Energy Recovery	259	282	719	1,022	1,723	3,720	1,732	1,626
Incineration	1,077	478	125	41	159	157	372	105
Deep well injection	-	-	-	-	-	-	-	-
Landfill	2,960	2,847	2,204	2,237	2,481	2,175	2,188	2,310
On-site storage	-	-	-	-	-	-	-	-
Water Treatment	54	60	92	38	22	311	176	248
Total	11,697	13,829	15,579	14,807	18,313	21,869	17,732	17,474

Waste Generation for the Lexmark Cartridge Collection Program (LCCP) Facility

(Metric tons)	2007	2008	2009	2010	2011	2012	2013	2014
Reuse	-	-	-	-	1,439	2,051	1,928	2,095
Recycling	-	222	6,110	5,539	6,074	6,314	5,453	5,348
Composting	-	-	-	-	-	-	-	-
Energy Recovery	-	-	4	7	3	2	3	4
Incineration	-	0	-	-	-	-	-	-
Deep well injection	-	-	-	-	-	-	-	-
Landfill ¹	-	35	200	157	275	141	149	215
On-site storage	-	-	-	-	-	-	-	-
Water Treatment	-	-	-	-	-	5	-	-
Total	-	256	6,314	5,703	7,791	8,513	7,533	7,662

¹ Facility waste only. Does not include cartridges or parts.

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Total Non-hazardous Waste Generation Enterprise Level by Disposal Method (with LCCP)

(Metric tons)	2007	2008	2009	2010	2011	2012	2013	2014
Reuse	-	-	-	-	1,780	2,406	2,084	2,492
Recycling	6,934	9,644	12,125	10,917	12,001	13,070	11,144	10,672
Composting	-	-	-	-	25	20	20	13
Energy Recovery	7	48	410	254	887	2,154	1,323	1,206
Incineration	1,046	408	4	2	156	154	370	102
Deep well injection	-	-	-	-	-	-	-	-
Landfill ¹	2,814	2,710	2,142	2,096	2,360	2,026	2,161	2,270
On-site storage	-	-	-	-	-	-	-	-
Water Treatment	53	57	92	37	22	217	136	154
Total	10,853	12,867	14,774	13,306	17,231	20,047	17,238	16,909

Total Hazardous Waste Generation Enterprise Level by Disposal Method (with LCCP)

(Metric tons)	2007	2008	2009	2010	2011	2012	2013	2014
Reuse	-	-	-	-	-	1	1	-
Recycling	413	518	314	554	125	9	17	8
Composting	-	-	-	-	-	-	-	-
Energy Recovery	252	234	309	767	835	1,565	408	420
Incineration	31	70	120	39	3	3	2	3
Deep well injection	-	-	-	-	-	-	-	-
Landfill ¹	146	138	61	141	122	150	27	39
On-site storage	-	-	-	-	-	-	-	-
Water Treatment	1	3	-	-	-	94	40	94
Total	843	963	805	1,501	1,085	1,821	494	565

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2014 Non-hazardous Waste Generation by Type

(Metric tons)	General	Recyclables	Ink/water mix or other liquid	Construction Debris	Batteries	Electronic Scrap
Lexington, KY, USA	391.0	679.0	22.8	-	0.9	423.6
Boulder, CO, USA	1,725.7	369.3	941.0	13.0	1.7	6.2
Juarez, Mexico, Manufacturing	2,100.4	2,227.9	250.1	-	0.1	6.0
Juarez, Mexico, LCCP Recycling Plant*	612.9	7,041.9	-	-	-	1.6
Cebu City, Philippines (Research & Dev.)	44.3	51.1	0.2	-	1.2	3.6

2014 Hazardous Waste Generation by Type

(Metric tons)	Ignitables/ solvents	Metals	Corrosive	Mercury/ Lamps	Other
Lexington, KY, USA	3.4	-	-	-	-
Boulder, CO, USA	20.2	-	0.2	-	6.0
Juarez, Mexico, Manufacturing	98.8	-	1.4	0.5	418.5
Juarez, Mexico, LCCP Recycling Plant*	4.2	-	2.1	-	0.1
Cebu City, Philippines (Research & Dev.)	1.6	-	-	0.2	2.7

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Total Non-hazardous Waste Generation Enterprise Level by Disposal Method (with LCCP)

(%)	2007	2008	2009	2010	2011	2012	2013	2014
Reuse	-	-	-	-	10%	12%	12%	15%
Recycling	64%	75%	82%	82%	70%	65%	65%	63%
Composting	-	-	-	-	0%	0%	0%	0%
Energy Recovery	0.1%	0.4%	3%	2%	5%	11%	8%	7%
Incineration	10%	3%	0.03%	0.02%	0.9%	0.8%	2%	0.6%
Deep well injection	-	-	-	-	-	-	-	-
Landfill	26%	21%	14%	16%	14%	10%	13%	13%
On-site storage	-	-	-	-	-	-	-	-
Water Treatment	0.5%	0.4%	1%	0.3%	0.1%	1%	1%	1%

Total Hazardous Waste Generation Enterprise Level by Disposal Method (with LCCP)

(%)	2007	2008	2009	2010	2011	2012	2013	2014
Reuse	-	-	-	-	-	0.1%	0.2%	-
Recycling	49%	54%	39%	37%	12%	0.5%	3%	1%
Composting	-	-	-	-	-	-	-	-
Energy Recovery	30%	24%	38%	51%	77%	86%	83%	74%
Incineration	4%	7%	15%	3%	0.3%	0.2%	0.4%	1%
Deep well injection	-	-	-	-	-	-	-	-
Landfill	17%	14%	8%	9%	11%	8%	5%	7%
On-site storage	-	-	-	-	-	-	-	-
Water Treatment	0.1%	0.3%	-	-	-	5%	8%	17%

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Hazardous Waste Transported, Imported, Exported or Treated (G4-EN25) Basel Convention (2) Annex I, II, III and VIII

(Metric tons)	Hazardous Waste Transported		Hazardous Waste Imported		Hazardous Waste Exported		Hazardous Waste Treated	
	2013	2014	2013	2014	2013	2014	2013	2014
Lexington, KY, USA	4	3	-	-	-	-	4	3
Boulder, CO, USA	28	26	-	-	-	-	28	26
Juarez, Mexico, Manufacturing	438	519	-	-	-	-	438	519
Juarez, Mexico, LCCP Recycling Plant*	3	6	-	-	-	-	3	6
Cebu City, Philippines (Research & Dev.)	21	9	-	-	4	-	21	9

Hazardous Waste Shipped Internationally

(%)	2013	2014
Lexington, KY, USA	---	---
Boulder, CO, USA	---	---
Juarez, Mexico, Manufacturing	---	---
Juarez, Mexico, LCCP Recycling Plant*	---	---
Cebu City, Philippines (Research & Dev.)	17.4%	---

Total Electronics Waste Recycling

(Metric tons)	2013	2013	2014	2014
	Voluntary	Regulated	Voluntary	Regulated
USA	29	1542	192	700
Canada	13	53	17	55
EU	0	2783	0	1806

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Land & Biodiversity



Lexmark strives to ensure that our operations do not harm the local environment. Understanding our responsibility to help maintain balance in the natural world, we engage 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 for locating these global facilities includes a thorough understanding of local ecology and biological issues so that we can take a prudent approach to their protection. Consequently, an important part of our worldwide environmental assessment is the use of internationally accepted evaluation tools.

As the first step to establishing a facility in the United States or abroad, Lexmark applies the following standards to assess

environmental aspects of the site: American Society for Testing and Materials (ASTM) E1527-051 and E1903-112.

We also consider the protection status and biodiversity value of those areas where we plan to operate. With the exception of an operational site in the Philippines described below, Lexmark does not own, lease or manage operational sites in or adjacent to protected areas or areas of high biodiversity value outside protected areas. In addition, our activities do not result in significant impacts to these types of areas. We also do not own, lease or manage operational sites in areas where habitat restoration has occurred or in habitat protected areas. Finally, 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 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 meter research and development operation. Lexmark employees in the Philippines work diligently to restore habitats near these facilities, focusing on reforestation and watershed protection. Since 2008, Lexmark has planted over 136,300 mangrove trees in various coastal and watershed areas of Cebu.

¹ ASTM E1527-05, Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process, ASTM International, West Conshohocken, PA, 2005, www.astm.org

² ASTM E1903-11, Standard Practice for Environmental Site Assessments: Phase II Environmental Site Assessment Process, ASTM International, West Conshohocken, PA, 2011, www.astm.org

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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; Shenzhen, China; the United Kingdom; Istanbul, Turkey; and the Netherlands have received ISO 14001 certification. These include all of our production locations and some research and development and administration facilities. Lexmark spends up to \$84,000 per facility on services provided by external consultants, including environmental testing, wastewater sampling and storm water sampling. Over \$100,000 is spent annually for corporate services such as legislative tracking and SDS management.

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 environmental laws and regulations in the reporting period. No grievances about environmental impacts were filed through formal grievance mechanisms during the reporting period.

Each Lexmark facility sets site-specific goals for improving its performance within the environmental management system. Environmental goals include reducing energy

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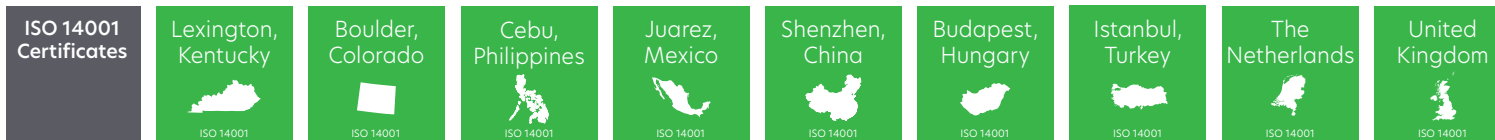
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At Lexmark, we work closely with our suppliers to ensure our products and services have a positive impact on people, communities, and the environment. We choose suppliers who share our vision of corporate citizenship and agree to conform to Lexmark's expectations and standards. We monitor the performance and compliance of our suppliers by analyzing on a regular basis their social, environmental and economic data.

Supplier Responsibility

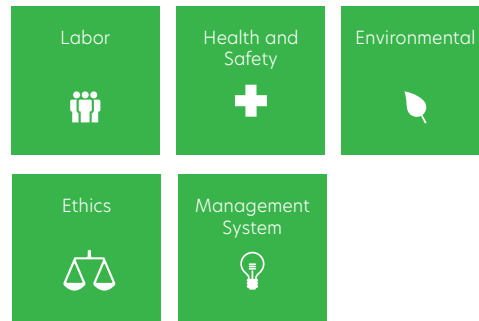
Our membership and participation since 2009 in the Electronic Industry Citizenship Coalition (EICC) has further strengthened our organizational efforts in support of human rights, labor standards, and other corporate social responsibility values. Lexmark has adopted and actively pursues conformance to the [EICC Code of Conduct](#) supplemented by the [Lexmark Supplier Code of Conduct](#).

Fundamental Areas of the Lexmark Supplier Code of Conduct

- Compliance with the laws, rules and regulations of countries of operation or where products are distributed
- Adopt and implement the EICC Code of Conduct
- Responsible global sourcing through a conflict-free minerals supply chain
- Allow a social and environmental responsibility audit where supplier manufacturers products
- Issue an internationally recognized sustainability report (critical suppliers)

The EICC Code of Conduct

The EICC Code of Conduct sets forth performance, compliance, auditing and reporting guidelines across five areas of social responsibility:



Lexmark works with a multitude of direct and indirect suppliers. All Lexmark suppliers are expected to comply with the EICC and Lexmark Supplier Code of Conduct. In accordance with EICC guidelines, Lexmark conducts third-party audits for several of our Tier 1 suppliers to monitor compliance in these areas.

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.

Letter from Lexmark's Global Sourcing Director

Our vision is to create strategic partnerships with qualified diverse suppliers. We believe this provides us the greatest opportunity to develop innovative and cost-effective business solutions and at the same time, strengthen our company, customers, and community. Supplier diversity brings different strengths and values and a competitive advantage for our company.

Michelle Rawlings

Lexmark, Global Sourcing Director

[Click here to read CEO Paul Rooke's letter about diversity at Lexmark.](#)

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How the Supplier Diversity Program Works

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.

- Veteran-Owned Small Business
- HUBZone Small Business
- Service-disabled Veteran-Owned Small Business

Program Requirements

- Certification by a third-party agency
- The company must be at least 51 percent owned and operated by a United States citizen who is a member of one of mentioned groups

Business Trade Organizations

- Lexmark is member of Diversity Inc. and sponsor of the Lexington, KY Chamber of Commerce.

Diverse Supplier Registration

Click [here](#) for the Supplier Registration Form. Email the completed form to supplierdiv@lexmark.com. This data will be used to provide a list of diverse suppliers to the appropriate decision maker when the opportunity arises, then the supplier will be contacted.

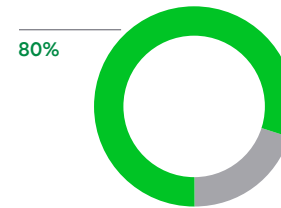
Supplier Locations

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. We produce laser supplies in Poland to

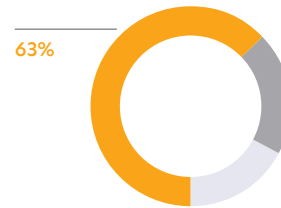
meet the needs of our customers in Europe. Lexmark sources supplies for Asia Pacific from China, and our manufacturing plant in Mexico produces supplies for Latin America and North America. Manufacturing products regionally near our distribution centers not only allows our customers to receive needed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

Goal



Regionally sourcing **80%** of our supplies by 2017.

Progress



We achieved **63%** of supplies manufactured in the region of consumption in 2014.

What We Buy

- Construction: New work, additions, alterations or maintenance and repairs services
- Manufacturing: Packaging, molded plastics, chemicals
- Printing: Labels, business cards
- Office Supplies: Furniture, office supplies
- Consulting-Professional Services: Photography, translation, environmental consulting services
- Professional Equipment: MRO/Lab supplies
- Administrative Services: Facilities support services, temporary staff services
- Educational Services: Instruction and training services

Who is Eligible

- All Small Business (including ANCs and Indian Tribes)
- Small Disadvantaged Business
- Women-Owned Small Business

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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 9,000 suppliers, 1.8 percent of which have been identified as key and strategic¹.

Less than 2 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.

Lexmark requests information from its suppliers to determine their policies and principles that protect the environment and promote social responsibility. We encourage suppliers to demonstrate continual improvement through the completion of the EICC Self-Assessment Questionnaire (SAQ) or Lexmark Supplier Corporate Social Responsibility (CSR) Questionnaire. We also ask that they publish 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.

The Lexmark Supplier CSR Questionnaire, created in 2014, provides us greater understanding and transparency of the CSR initiatives of the key suppliers of goods and services that support our operations. The questionnaire input creates ongoing discussions between Lexmark and its suppliers so that we can document our progress on environmental and social initiatives, and explores how we can improve as responsible corporate citizens.

The Lexmark Supplier CSR Questionnaire requests information from our suppliers in the following areas:



In 2015, Lexmark began collaboration with the EICC and CDP to incentivize our suppliers to disclose their environmental information. Our goal is to disclose the energy consumption and emissions of our suppliers to improve the management of environmental risk, prevent climate change and protect our natural resources. Lexmark measures and discloses our environmental information and we request our key and strategic suppliers to collect and report their environmental data to drive action toward a more sustainable world.

On an annual basis, Lexmark reports 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. The percentage of our key and strategic suppliers who have issued a sustainability report in 2014 is 52 percent. Lexmark will continue to work with our key and strategic suppliers to increase this percentage.

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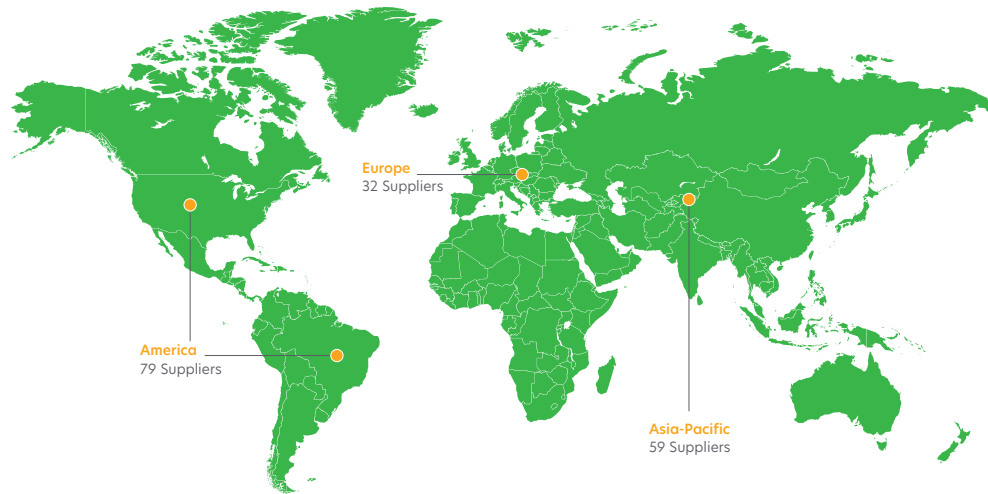
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Key and Strategic Suppliers

Key and strategic suppliers account for a significant percentage of Lexmark total procurement spending. Based on 2014 spending, the 170 key and strategic suppliers make up about 49 percent of our purchases.



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 companies’ products. Lexmark maintains a policy of responsible global sourcing including work toward a conflict-free supply chain. Sources of materials, including those mined from the Democratic Republic of the Congo (DRC) or an adjoining country, are approved for use when proven that acquiring them does not contribute to the conflict in the region. Lexmark, as well as its subcontractors and suppliers, reports on the origin of 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 our environmental, social and governance (ESG) objectives. 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 ESG issues related to our procurement processes. Lexmark procurement personnel also have access to a database of supplier information that

includes the suppliers’ ESG commitments, as well as their performance metrics. All Lexmark staff that engage with suppliers are expected to consider the ESG 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 affects team and individual performance reviews.

Sustainability is integrated with the Lexmark supplier selection and retention processes. 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.

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

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Lexmark concentrates efforts on the design, manufacture, delivery and use of products that can be employed in an environmentally and socially responsible manner.

The Lexmark product portfolio is a dynamic mix of software, electronic data tools, long-lasting hardware, and management services. As our company continues to evolve, our commitment to being a leader in global citizenship through our thoughts and actions remains a guiding principle for our business.

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Product Cross Section

Designing End to End Solutions

Lexmark has a robust offering of solutions that help our customers improve processes and reduce cost. Lexmark has expanded from traditional hardware offerings to many software and technological capability offerings that work together to automate processes and provide a complete picture of relevant information at the moment needed.

Lexmark has solutions focused on content capture, intelligent extraction of data and workflow, case management and process mining.

We can help simplify, secure and manage information output to all destinations, including print, fax, email and file. Lexmark offers solutions for device management to save company resources devoted to printer management and paper and consumable supply spend.

Lexmark also offers several industry specific solutions, focused on the business needs of a broad range of industries. Lexmark has maintained a focus on the customer and has listened to the needs of the customer to gain insight into these industries to allow us to take our services and solutions to the next level.

From our innovative solution designs to our focus on the environment, Lexmark has the customer in mind. As a provider of hardware, we focus on performing life cycle assessments and work to minimize our impact on the environment through our design processes.

Open the possibilities with Lexmark.

What We Do

Lexmark develops technologies that remove the inefficiencies of information silos and disconnected processes, connecting people to the information they need at the moment they need it.



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Innovation

Encouraging Innovation

Innovation is central to Lexmark's business strategy. We focus our efforts on seeking new ways to solve our customers' issues while benefiting society and the environment. Our industry-leading enterprise software automates processes to improve the efficiency of our customers' businesses while reducing their use of energy, paper and toner. Our software, hardware, tools and services comprise a set of innovative solutions that improve the operation of everyday tasks and processes in an environmentally conscious manner.

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 share 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 Printer Design

The Lexmark MX910 monochrome laser series is a great example of our commitment to protecting the environment and helping our customers through innovation. This printer series incorporates our latest designs promoting sustainability:



- **Energy-saving Sleep Modes**
 - Intelligent operating system turns off sensors, lights, chips and devices while in sleep mode.
 - Uses less than four watts of power.
- **Environmental Certifications**
 - EPEAT Silver
 - 2014+ ENERGY STAR® certifications

- **Accessibility Features**
 - Adjustable display: Users can tilt the display to optimize the viewing angle.
 - On-device guidance: Large, high-contrast pictures guide users to perform common tasks.
 - 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.
- **Long-life Components**
 - Components save resources and require less maintenance.
 - Photoconductor unit is rated for up to 125,000 pages.
 - Fuser reaches up to 720,000 pages.
- **Duplexing**
 - Integrated two-sided printing—a user-selectable option—saves paper and prints individual sheet sides at up to each device's rated speed.
- **Lexmark Print Management**
 - Optional solution to reduce unnecessary printing and gain valuable insight into how output infrastructure is used.

Thanks to Lexmark's commitment to designing products in the most environmentally efficient and socially responsible manner possible, our customers can quickly produce presentation-ready documents while reducing their environmental impact and costs.

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Innovations in Material Sustainability

Lexmark is committed to sustainable excellence in all our products. Being a good environmental steward by preserving our natural resources is incorporated into the design of every product, with preference placed on conserving and reusing product materials.

In 2014, Lexmark initiated a process at our recycling plant in Juarez, Mexico, to reuse a major component of our laser cartridges. The Juarez plant is home to the Lexmark Cartridge Collection Program (LCCP), which collects used laser cartridges returned by our customers. The LCCP retrieves components from approximately 30,000 empty toner cartridges per day. Continual improvements by our engineers resulted in the creation of innovative techniques to reuse materials from our customers' used cartridges.

Prior to implementation of our newest process, the developer roller in a used laser cartridge was rarely part of our remanufactured cartridge. This roller possesses a difficult-to-clean film of toner on the rubber surface that inhibited its reuse. Testing revealed the roller had an extensive life if the film of toner was removed. Lexmark engineers created a novel washing system to remove the toner film using ceramic agitators with scrubbing agents to clean the roller without damaging it or altering its properties. Reuse of developer rollers results in substantial environmental and cost savings for Lexmark. Using a reconditioned developer roller instead of a new one saves 80 percent of the cost, protects natural resources and prevents pollution caused by harvesting

new raw materials. Material reuse reduces greenhouse gas emissions that contribute to global climate changes, with an estimated annual savings of 208 metric tons of CO₂ equivalence.

Lexmark was awarded a Frost & Sullivan's 2015 Manufacturing Leadership Award in Sustainability Leadership for reconditioning our developer rolls. We were recognized for our innovative engineering processes, which altered how materials for our laser cartridges are sourced.



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Innovations in Partnerships: Lexmark and Cummins

Cummins is the world's largest independent manufacturer of diesel engines and related products. Its existing fleet of printing devices had aged and became prone to breakdowns that were increasing maintenance costs and negatively impacting device reliability and employee productivity. At the same time, Cummins wanted to further trim output costs and reduce paper consumption in support of its sustainability initiatives. Cummins began an aggressive project to optimize, standardize and refresh its entire printer fleet globally and implement industry best practices to reduce costs and cut paper consumption, while improving output capabilities and service in all of its locations around the globe.



hundreds of hours that now could be spent on more strategic IT projects.

To address its document paper consumption concerns, Cummins implemented a Lexmark Print Management solution that releases print jobs only when job owners enter an identification code at Lexmark devices connected to the network. Waste is eliminated. "With Lexmark, we were able to reduce our print volume by three million pages a month," said Bruce Smith, Cummins' Director of Computing Services.

Lexmark Print Release enhances security by guaranteeing that confidential jobs print only when the document owner is physically present. That physical presence also eliminates the time gap between printing and pickup, eliminating forgotten print jobs from piling up and avoiding paper and toner waste. Jobs not printed within a specified timeframe can be deleted from the queue automatically. All of the output devices on the Cummins network are proactively monitored by Lexmark. The devices themselves actively report their health to a staff of engineers who can often take care of device issues before employees even notice.

By selecting Lexmark as a trusted advisor and partner, Cummins has seen extraordinary returns on its investment in Lexmark output technology, solutions and services. Through this partnership and its own Print Smart initiatives, Cummins is on track to cut printing by an astonishing 36 million pages in just one year, generating a projected

annual savings of \$2 million. Cummins has seen its expenses drop by 62 percent on a monthly basis. The reduction in annual paper consumption saves the equivalent of 4,000 trees, along with a projected greenhouse gas avoidance of 605 metric tons. By managing its use of color, Cummins reined in color printing from 600,000 pages per month to just 225,000, saving an additional \$1.5 million annually.

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Innovations in Partnerships: Lexmark and a Major Financial Services Firm

Based in New York City, one of America's largest and best known financial services firms provides industry-focused assurance, tax and advisory services for a wide range of clients in 16 key industries. The firm is keenly aware that its output device infrastructure, including how much the firm prints, has a direct and significant impact on the environment. The firm resolved to do something about its output infrastructure by making the connection between printers, paper and the environment and, moreover, taking steps to make long-lasting changes.

To serve 13,000 employees, the firm installed over 1,400 Lexmark MFPs and implemented several solutions, including Lexmark Print Release, Lexmark Managed Print Services and Lexmark Proactive Consumables Management services. The result is a standardized output infrastructure across all of its U.S. offices.

By consolidating its printers, copiers, faxes, and scanners with Lexmark MFPs, the firm was able to reduce the total number of output devices substantially. "We were getting rid of an astounding amount of hardware," the senior IT manager said. "In some locations, we were removing up to three times more of the old devices than the number of new Lexmark devices we were installing." For general purpose monochrome printing, the firm now averages from 10 to 15 employees

per device. With fewer devices, the firm significantly reduced its power consumption, resulting in substantial environmental and cost savings.

To reduce paper consumption, the firm implemented Lexmark Print Release and duplex printing. "The amount of sustainability savings that can result from turning on duplex as a default is staggering. That was a big revelation," said the senior IT manager. To rid itself of managing its new output devices, the firm outsourced fleet management to Lexmark. With its Managed Print Services, Lexmark monitors fleet performance, performs remote diagnostics in response to alert messages, dispatches on-site service when necessary, and identifies ongoing, additional opportunities for cost savings and process improvement. By implementing Lexmark managed print and consumables management services and consolidating devices with Lexmark MFPs, the firm has made a dramatic impact on its costs, the effectiveness of its output environment and its sustainability initiatives with one successful IT project.

Specifically, the firm has cut its output fleet by up to two-thirds in many offices and by more than half in others. By offering the Lexmark secure Print Release capability, paper consumption has dropped while ensuring the privacy of confidential documents. Duplex as the default setting on all of its output devices is consistently cutting

paper use by about 25 percent, helping the firm advance its sustainability initiatives. In fact, the firm has achieved an industry-leading threshold of 50 percent duplexing across the organization. For this major financial services firm, providing industry-focused assurance, tax and advisory services remains its singular focus. By standing behind the firm's fleet of output technology around the clock, Lexmark assures that that focus will never waiver.

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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.

Product Solutions: Designing with Accessibility in Mind

One example of our commitment to accessible design is the variety of features offered by the Lexmark MX711de. It's one of several Lexmark products that offer individuals with vision, mobility or dexterity impairments a traditional keyboard with voice-guided prompts with the installation of Lexmark Voice Guidance. The Lexmark MX711de also provides easy access to a wide range of users through placement on a caster base on the floor, and the display can be adjusted for easy viewing from a seated or standing position. In addition to Lexmark Voice Guidance, the Lexmark Accessibility 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 accessibility 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. In 2015, Lexmark announced Voice Guidance, a new accessibility feature that provides keyboard navigation and speech output to many of Lexmark's touch-screen products. This new Voice Guidance feature enables a new level of user interaction at the device. Now customers have the choice of initiating their jobs at the multifunction product (MFP) equipped with Voice Guidance, or from their workstation or mobile device using an MFP equipped with Lexmark Accessibility Solution.



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The following features have been added to Lexmark products to improve accessibility:



Accessible height and reach

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



Extra-large user interface

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



Reverse Image

Users with sensitivity to light can reverse the image so that the background is darker than the text.



Tactilely discernible numpad

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



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.



On-device guidance

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



Magnification

Users with limited vision can magnify the user interface display by 200%.



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."

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Web Content 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.

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 to ensure that all devices provide a similar user experience. We aim to make visiting our site a productive experience for all individuals.

To ensure that our products are as screen-reader friendly as other Internet-enabled devices, designs for our new web-based applications 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.

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, Lexmark created a customized version of Lexmark Accessibility Speech 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) and the American Printing House for the Blind (APH). We draw on their insights to improve the design of future products and solutions.

Lexmark regularly participates in accessibility conferences, seminars and share sessions.

For the last several years, Lexmark has sent a representative to the annual International Technology and Persons with Disabilities Conference sponsored by California State University, Northridge (CSUN), and has participated in monthly Webinars sponsored by the U.S. Access Board.

Accessibility Education

To increase awareness of accessibility challenges and inspire innovation, we host educational 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. Both in 2013 and 2014, 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. In 2014, we also hosted share sessions with each development team demonstrating how their efforts were directly impacting accessibility improvements in Lexmark's products.

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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 2014, the Accessibility Council sponsored a Free Coffee Friday information session at Headquarters to educate Lexmark employees on accessibility, as well as demonstrate current accessibility features and solutions. Lexmark also concentrated on educating our Quality Assurance organization, the 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. This education includes sessions devoted to accessibility in annual product training events in Lexington, as well as participating in conference calls and hosting Webinars for sales teams.

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.

Educational Material

In 2014, the Lexmark Accessibility Council refreshed and created training materials and presentations targeted for various groups including internal sales, development and technical support teams, and developed educational material for external customers. This information is maintained and made available on the company's internal network collaboration site.

To aid our customers, we publish our product User's Guides in accessible HTML format, and in 2014, we published a new Accessibility Guide providing important product accessibility information in an easy-to-locate, accessible document.

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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.



For more information on solutions for industry-specific compliance click on the links below:

- [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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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%.

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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Product Certifications

Lexmark products align to the criteria of several certifications and standards worldwide. Some of these certifications require testing, analysis, audit or third-party review, while others may be a standard declaration or disclosure of business or product information. Types of standards adhered to may range from security applications to sustainability solutions.

Security Standards

Common Criteria Certification

Lexmark multifunction products (MFPs) are designed to meet the ISO/IEC 15408 Common Criteria Certification, an international standard on security capabilities. Many Lexmark devices are validated through a U.S.-based National Information Assurance Partnership (NIAP)-approved laboratory using the latest approved MFP protection profile. This functionality is defined in the IEEE 2600 protection profile. As security is a major risk for government and commercial customers, the need for security certification increases. For more information on Common Criteria and a list of certified devices, click [here](#).

Federal Information Processing Standards

The Federal Information Processing Standards (FIPS) 140 Publication Series issued by the National Institute of Standards and Technology (NIST) outlines the requirements and standards for cryptographic modules, including both hardware and software components. Lexmark follows the FIPS 140 standard for hard disk encryption and IPsec networking to provide the necessary conditions to secure information,

although adherence to this standard is not designed to provide a guarantee of information security.

Multi-attribute Environmental Standards

ISO 14024 - Type I Environmental Labeling

Lexmark has a long-standing practice of designing products to meet the Blue Angel standard for environmental design. The Blue Angel ecolabel was established in 1978 in Germany and is one of the most prestigious environmental certifications worldwide. Blue Angel revises criteria on a regular cadence and published the most recent revision, RAL-UZ 171, December 2012. The majority of Lexmark models announced after October 2012 meet the RAL-UZ 171 criteria.

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

Lexmark pursues other voluntary product environmental certifications worldwide, including China certification HJ 2512-2012 (formerly HJ/T 302-2006) and Taiwan Green Mark.

ISO 14021 - Type II Self-declared

Environmental Claims

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. Through signature to the agreement, manufacturers commit to make certain environmental improvements. Manufacturers

must also make product environmental performance data publicly available, such as through The Eco Declaration (ECMA 370). To view Lexmark's declarations, click [here](#).

IT Eco Declarations for our laser print supplies are available upon request.

Electronic Product Environmental Assessment Tool

Per the Executive Order issued March 19, 2015, U.S. federal agencies are required to purchase environmentally preferable products. The Electronic Product Environmental Assessment Tool (EPEAT®) is one resource used to recognize products that are environmentally preferable. EPEAT uses the IEEE 1680 standard as the basis for requirements of the program. Lexmark supports the U.S. government in its goals of environmental stewardship, energy efficiency and resource efficiency by registering products through EPEAT. The majority of Lexmark products are EPEAT-registered at silver. For a list of registered Lexmark products, click [here](#).

Lexmark is committed to continuing public disclosures and annual reporting as required by EPEAT, including [toxics release reporting from selected suppliers](#).

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Energy Standards

ENERGY STAR®

Lexmark is committed to designing energy efficient products. A high percentage of Lexmark products maintain Energy Star year after year. Launched in 1992, ENERGY STAR is the globally recognized program of the U.S. Environmental Protection Agency and the U.S. Department of Energy that awards certification to the most energy efficient models in a product category. The ENERGY STAR specification evolves requirements in order

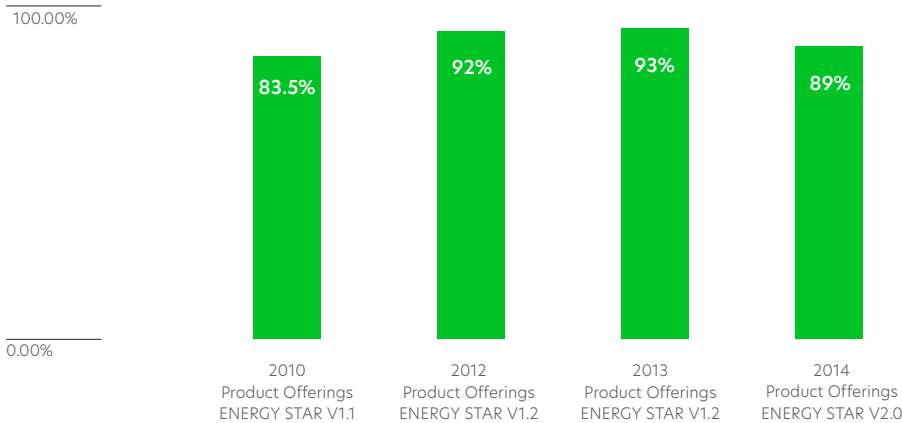
to drive continued energy improvements. In 2014, ENERGY STAR began implementing its Imaging Equipment Specification V2.0, a major change in the specification from 2009. Lexmark recertified the majority of products in compliance with this aggressive new standard, resulting in 89% of models qualifying for ENERGY STAR in 2014.

For more information on ENERGY STAR and a listing of Lexmark products, click [here](#).

EC 801

EC 801/2013 is the implementing measure for ErP Lot 26 (Network Standby). As part of this regulation, manufacturers are required to place information about the Network Standby (Sleep) modes of products, including the available network connections, power consumption in sleep mode for each connection and the default timeout to sleep mode. To view Lexmark's declarations of product sleep modes, click [here](#).

ENERGY STAR Certified Devices Year to Year



Product Segment	2010 Energy Efficiency Metric	2012 Energy Efficiency Metric	2013 Energy Efficiency Metric	2014 Energy Efficiency Metric
Laser Products ¹	Fleet Average of 0.153 ENERGY STAR TEC / ppm	Fleet Average of 0.104 ENERGY STAR TEC / ppm	Fleet Average of 0.091 ENERGY STAR TEC / ppm	Fleet Average of 0.084 ENERGY STAR TEC / ppm
Fleet Average Annual Energy Consumption (MJ /ppm)	28.642	19.469	17.035	15.725

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Operational Standards

Microsoft Windows® Logo Program

Lexmark pursues Microsoft Windows certification (digital signature) to deliver hardware and software (drivers and applications) that work seamlessly in the current Windows operating system and Windows Server® operating system that are available at the time of product announce. For a list of Windows compatible Lexmark devices, please click [here](#) for compatibility with Windows operating systems and [here](#) for compatibility with Windows Server operating systems.

Citrix Ready® Program

The Lexmark Universal Print Driver participates in the Citrix Ready® Program as a Certified Product and is compatible with Citrix products. More information is located [here](#).

Citrix Ready® is a trademark of Citrix Systems, Inc. and/or one or more of its subsidiaries, and may be registered in the United States Patent and Trademark Office and in other countries.

Google Cloud Print™ Ready

Lexmark recognizes the flexibility of cloud-based printing, so we offer products that are Google Cloud Print Ready. This program ensures that Lexmark’s printers work with the Google Cloud Print™ web printing service. To see a list of Lexmark’s products that are Google Cloud Ready, please click [here](#).

Google Cloud Print and Android are trademarks of Google Inc.

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.

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Hardware

Hardware Design

Lexmark hardware is designed with a focus on minimizing environmental impacts. Lexmark uses product lifecycle assessments to gain a better understanding of areas where our products have the greatest impact on the environment. This insight, along with feedback from our customers and guidelines provided by environmental legislation and standards, helps define core areas of focus when developing products.

More information about the following core areas is provided:



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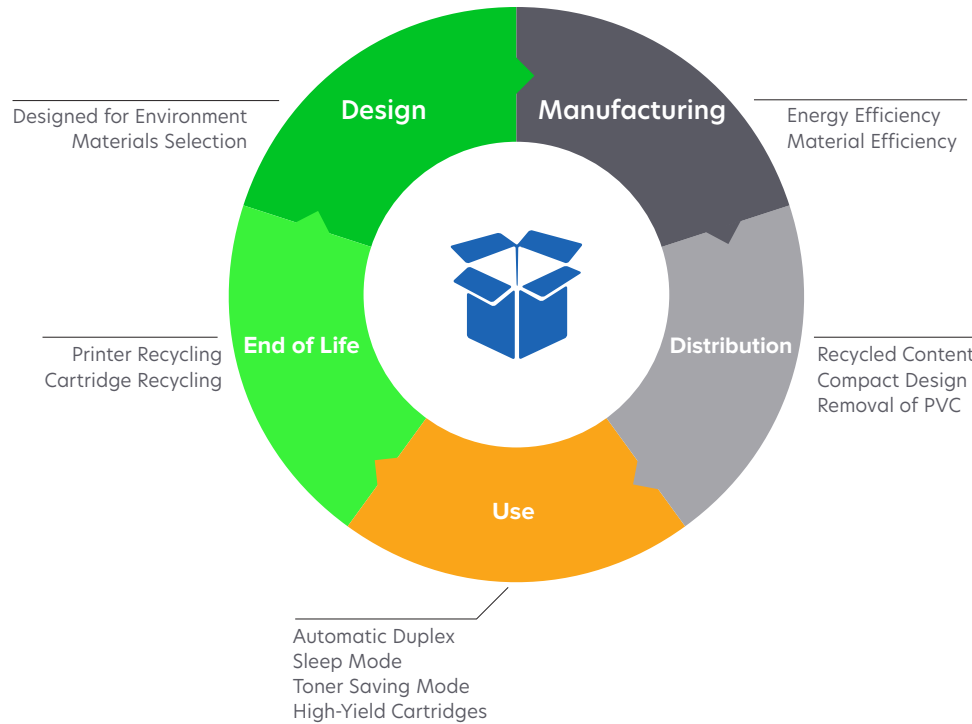
Product Lifecycle

As part of Lexmark's commitment to sustainable products, Lexmark has conducted Life Cycle Assessments (LCA) on 34 of its product models as of January 2015. Lexmark uses the data from the LCAs to create and publish ISO 14025 Type III Environmental Product Declarations (EPD), which summarizes 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.

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.

Click [here](#) to see a list of secondary data sources used in the Life Cycle Assessments.

Lexmark is committed to performing LCAs on all future product models.



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LCA Knowledge Reduces Negative Environmental Impacts

The LCA reports have identified the use phase as having the greatest impact in the life cycle of the Lexmark printer, in particular paper. This learning has shaped Lexmark's focus on offerings to help customers print less, to optimize print environments, and to return hardware and consumables at end of life. Lexmark's LCAs have helped inspire an elite program offering for customers to reduce their printing impact through responsible print practices and tree planting offset.

Another way, Lexmark works to reduce environmental impact of our hardware products is to test our printers using recycled papers—specifically papers made with 30%, 50%, and 100% postconsumer recycled content. Our expectation is that recycled papers perform as well as virgin 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% recycled papers from Europe and Asia, and tests are conducted at 8% to 80% relative humidity. Testing includes both automatic and manual duplex printing.

Customers using Lexmark devices have many choices when it comes to environmentally preferable paper. Office paper using renewable, recycled or chlorine-free content may all be used.

When removing the paper impact from the assessment, consumables, energy and printer maintenance actions are highlighted as areas for design improvement. In design, Lexmark has dedicated teams working on product energy reductions, consumable sustainability and end of life recycling and re-manufacturing, as well as extended longevity of components and proactive printer maintenance.

Spotlight

For all available Environmental Product Declarations, click [here](#). 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 monochrome laser printer are highlighted at right.



MX711DE

Lexmark MX711DE monochrome laser multifunction product (MFP)



CX510DE

Lexmark CX510DE color laser MFP



MS315DN

Lexmark MS315dn monochrome laser printer

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Materials

Lexmark evaluates the environmental impacts of our products throughout their life cycles. Through the design and selection of materials for our products, our innovative solutions result in a reduced impact on the environment.

Lexmark's Materials Management Approach and Product Environmental Specification

Lexmark's materials management approach is broad. It ranges from internal concentration on materials used and sourced from our suppliers, to involvement in industry trade associations.

Lexmark's Corporate Sustainability team is responsible for maintaining the Product Environmental Specification. Lexmark's Product Environmental Specification defines the minimum environmental requirements associated with the design, manufacture and marketing of Lexmark products. The criteria stem from the latest global regulatory obligations, international treaties and conventions, and specific market demands. The Product Environmental Specification is reviewed annually to ensure the latest regulatory references are included.

The Lexmark Product Environmental Specification is available online for access at any time. It is also provided to certain suppliers in contract terms and provided to suppliers during a phase of the development process.

Click [here](#) for a link to the Lexmark Environmental Specification.

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

Estimated Materials¹ in Lexmark Printers for 2014 (Metric tons/\$M Revenue)

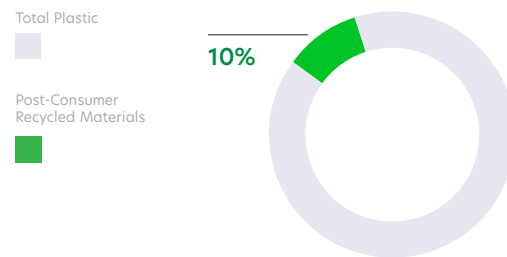
Plastics	Metals	Electronics	Glass and Other Materials
32.4	27.7	9.5	1.4

The majority of materials used in Lexmark hardware are polymer and metal structures formed by either injection molding or stamping operations. The largest quantity of material by volume is from plastics such as HIPS (high-impact polystyrene) and ABS (acrylonitrile butadiene styrene). Other plastics used, 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. Lexmark has chosen to offset a significant portion of its virgin polymer purchase by boldly pursuing recycled options and reuse of parts.

Lexmark was an early adopter in the use of recycled content. In the mid-1990s, Lexmark successfully incorporated recycled plastics into our Lexmark Optra series of printers using a controlled North American feed stream and closed-loop recycled plastics. Thanks to the demand for the use of recycled content, as well as, the increased availability of high-quality post-consumer recycled (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 components².

Estimated Post-Consumer Recycled Materials¹ in Lexmark Printers for 2014 (Metric Tons)



An estimated **808 metric tons** of post-consumer recycled plastic was used in 2014—10% of the total plastic!

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Lexmark engineers surveyed a wide range of recycled content feed streams and have recommended using closed-loop recycled electronics content when possible. At least one supplier used by Lexmark declares their base resins are recovered from 100% post-consumer WEEE (Waste Electrical and Electronic equipment) sources. Using these sources provides an incentive to electronics manufacturers and recyclers to continue to grow the circular economy in the electronics industry. In the future, Lexmark would like to incorporate closed-loop recycled materials from our own hardware recycling streams in new devices.

When we look toward the metal content in Lexmark printers it is dominated by steel products sourced from both recycled and new materials. Lexmark sees 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% and 80% recycled content. Lexmark is committed to using these grades of steel where possible.

The use of recycled materials ensures that waste formerly destined for a landfill has a new destination and purpose, helping protect natural resources and fulfill our sustainability goals. Currently, Lexmark favors the use of post-consumer recycled materials over the use of biobased materials for durability and recyclability.

Cartridge Closed-loop Recycling

Lexmark continues our innovative closed-loop toner cartridge recycling operations. Through the award-winning Lexmark Cartridge Collection Program, our engineers reclaim feed streams of various types of plastics such as ABS, HIPS and POM. After returning this material to near-new quality, the plastic is used to manufacture new toner cartridges. Plastic is derived from oil -which must be extracted, refined, and then processed further. Through the use of post-consumer recycled (PCR) plastic, these steps are avoided - and what previously would have been considered waste contributes to the production of a new product.

Lexmark is an industry leader in the use of reclaimed plastic in its cartridges with 12 percent average post-consumer recycled (PCR) plastic content, by weight, across all toner cartridges. In fact, 92% of Lexmark branded toner cartridges contain at least some post-consumer recycled content.

Lexmark's goal is to increase the post-consumer recycled plastic content in our toner cartridges to 25 percent. We are making progress; however, we realize that our goal may take longer than initially planned for 2016. Lexmark is extending the goal date to 2018 to achieve the higher percentage.

Restrictions of Hazardous Substances

Lexmark evaluates printers, supplies and packaging for compliance to material restriction directives and legislation. Lexmark complies with the material restriction

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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). Per the RoHS recast directive, conformance is declared via the CE Mark declarations, which are posted on the Lexmark Web site: Regulatory Compliance.

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). Lexmark has developed a conformance assurance system for materials restrictions that includes an audit process. Audit results indicating a non-conformance leads to further evaluation, material or component changes if needed and notification to authorities if products ship with non-compliant parts. Lexmark submitted one notification of RoHS violation in 2014 as reported in the Product Health and Safety section.

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. Lexmark completed the first steps of REACH in 2008, including pre-registration, material review and required

communications for the initial release of the Substances of Very High Concern (SVHC) candidate list of chemicals. Lexmark continues to monitor REACH developments and the addition of new chemicals to the SVHC list and comply with chemical registration deadlines and legal obligations imposed. More information about Lexmark REACH initiatives is available to 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.

Safety Data Sheets

Click [here](#) for the current Safety Data Sheets available on the Lexmark Web site.

¹Based on the materials used in the cross section of Lexmark's current primary imaging equipment. The materials used are not considered renewable.

²PCR calculated using IEEE.1680.2 methodology

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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. Lexmark continuously strives to improve our

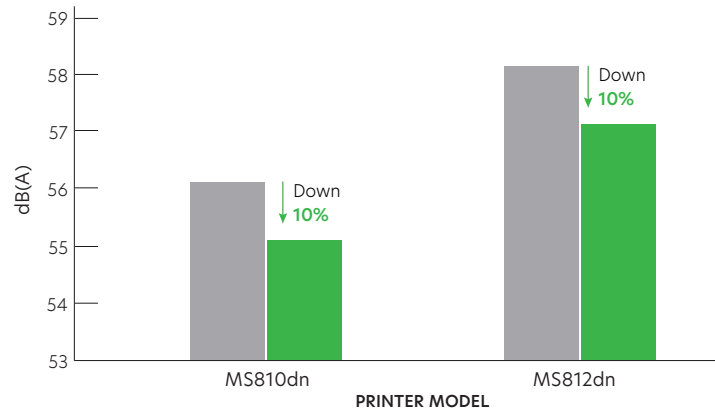
users' experience in the workplace. By modifying materials in the MS81x printer frame, product designers reduced product noise by 10 percent.

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)

Prior model Newest model



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Product Emissions

All laser printers emit small amounts of volatile and semi-volatile organic compounds (VOCs and SVOCs) due to the heating of plastic parts, and they produce small amounts of dust (mostly paper remnants) as paper moves through the printer. Emissions from printers in the workplace are subject to occupational exposure restrictions of individual countries for specific chemicals.

Lexmark printers are tested throughout the development cycle for emissions of styrene, benzene, ozone, dust, total and individual volatile organic compounds, and ultrafine particulates according to the protocols of the internationally recognized Blue Angel ecolabel. Results are compared to the Blue

Angel limits set forth in the standard, and summary reports are available to customers upon request. No CO₂ or other greenhouse gasses are emitted during the printing process as it does not involve combustion. In addition, the majority of Lexmark laser printers emit no more than trace amounts of ozone and comply with the ozone limits set forth by Blue Angel.

Lexmark owns and operates a Blue Angel-accredited chemical emission test facility. This allows us to perform official tests for Blue Angel certification. We also conduct additional tests to gain a better understanding of emissions sources and solutions for mitigation. Our investigations into the source

of emissions in the nanoparticulate range support published test data indicating that emissions in this range are not solid particles of toner or toner components. Our research has found the nanoparticles observed to be predominately aerosols created by the heating process that grow to nano-scale liquid droplets as they condense while cooling.

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Energy Use

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 concurrently reducing operating energy costs. Lexmark invests in developing energy efficient products to not only fulfill our customer's expectations, but also extend the impact of our environmental efforts far beyond what we can do within our walls. Based on the knowledge gained from product LCAs, energy is a focus area for the environmental design of our products.

Lexmark's energy focus doesn't always end when the product reaches the customer. Lexmark significantly improved the energy consumption of products announced in 2012. For example, the MX81x family of mono laser multi-function products announced with a sleep mode power of 16 W. In 2013, Lexmark reduced the sleep mode power of these models to 4.5 W. In 2014, the sleep mode was reduced again to 2.5 W, more than 80% reduction in sleep mode power. All product families announced 2012 or later meet the

energy requirements of ENERGY STAR V2.0 and have a power consumption of 4 watts or less in sleep mode as required by the Blue Angel Eco Label.

Lexmark announced the MS911 and MX910 family of laser printers in 2014, driving further energy improvements. These models had a 35-50% reduction in their Typical Electricity Consumption Values when compared to previous models. Moving forward, Lexmark will continue to reduce sleep mode power for our future products, targeting 2 watts or less in anticipation of 2019 EU requirements (European Union EC 801/2013). Lexmark products also enabled their Hibernate mode to automatically engage when the product is not in use and not connected to a network.



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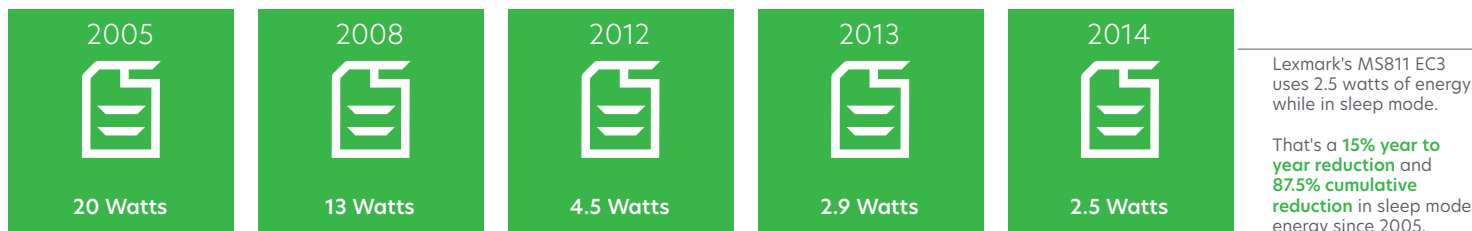
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Laser Sleep Power History



Packaging

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

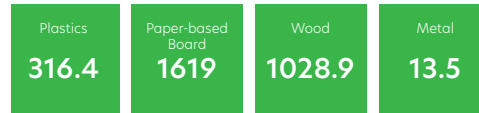
During the design phase, Lexmark engineers determine the shipping requirements of each product. They consider the overall size of the product, its shape, and the included accessories. The overall ruggedness of the printer is another significant factor: the more robust the printer is, the less packaging it requires. Less packaging lowers costs, reduces materials disposed in local landfills and ensures that goods are transported in the most efficient manner.

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 expanded polystyrene (EPS) or expanded polyethylene (EPE); polyethylene bags; fasteners such as staples, twist ties and tape; plastic pallets; plastic strapping and plastic stretch wrap.

Lexmark monitors the amount of packaging material used with every product to ensure that the maximum amount of renewable

materials are reused or recycled. Tracking the levels facilitates the monitoring of material efficiency and provides the opportunity to redesign products that provide more protection with less material.

Estimated Packing Material in Lexmark Multifunction Mono Products in 2014 (Metric Tons)



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.

Recycled Paper Becomes Product Packaging

Every Lexmark cartridge is print-tested to ensure superior quality. Instead of recycling these test pages, we use a process designed by our supplies-packaging engineers to convert them 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 2014 we were able to convert 463 metric tons of test pages, which save the equivalent of over 12,000 trees¹.

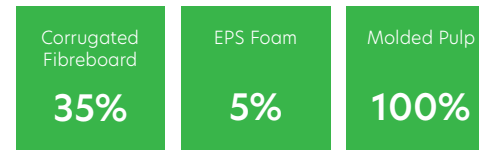
For our efforts on this project, Lexmark was recognized as a Manufacturing Leadership 100 Award winner (ML 100) in the Sustainability Category. Presented by the Manufacturing Leadership Council, the ML 100 Awards honor businesses that shape the future of global manufacturing.

Supplies Packaging with Reduced Carbon Footprint

Lexmark packaging engineers frequently analyze our current materials and research new types to improve the sustainability of our packaging. The engineers redesigned our supplies cartons to reduce their environmental impact while maintaining their structural integrity.

The novel design allowed for a material change that resulted in a 15 percent weight reduction in the packaging while ensuring safe delivery to our customers. In 2014 the amount of material eliminated from supplies packaging resulted in a savings of 230 metric tons of corrugated material, which is equivalent to over 5,500 trees.¹

Minimum Recycled Content of Packaging Materials



¹Data calculated using the Environmental Paper Network's Paper Calculator.

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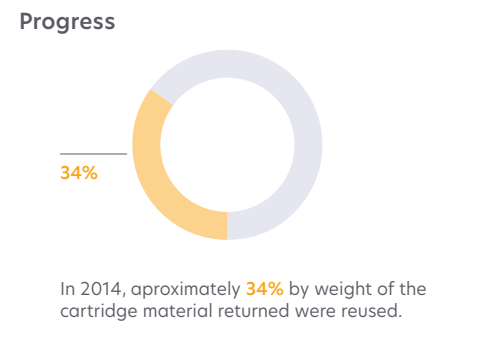
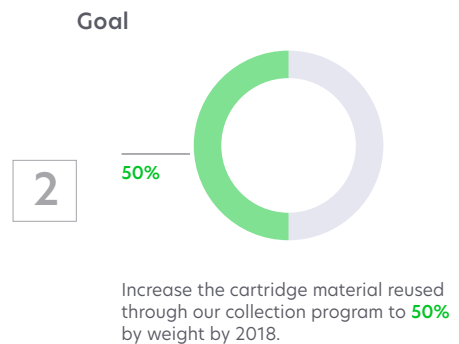
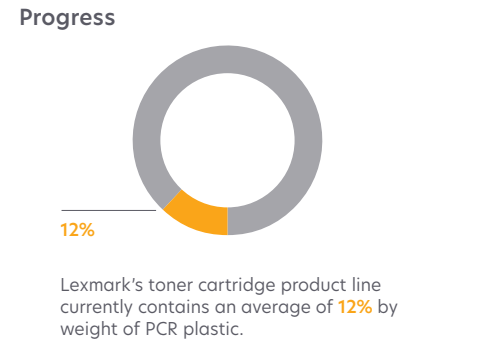
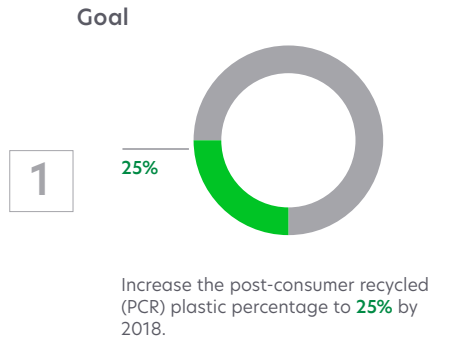
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Designed for excellence with the environment in mind and manufactured to rigorous standards, genuine Lexmark Supplies deliver exceptional image quality and long life—the best choice for your Lexmark printer or smart MFP.

By incorporating Life Cycle Assessment results in our product design process, we develop sustainable products that combine high standards of performance, efficiency and environmental stewardship through each life cycle stage. At the end-of-life Lexmark recovers our supplies to reuse or recycle via the award-winning Lexmark Cartridge Collection Program (LCCP).



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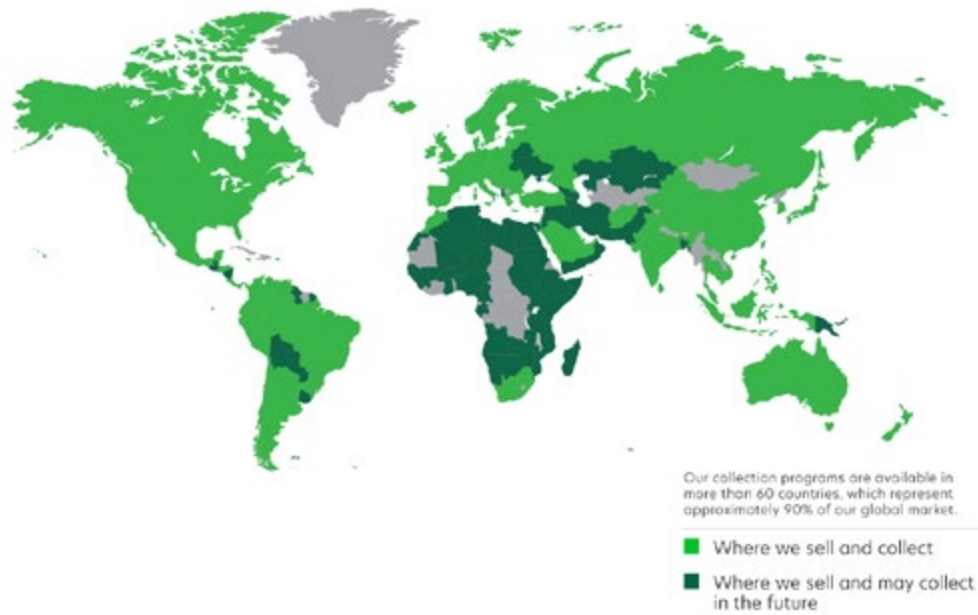
Lexmark Cartridge Collection Program

Each year, the 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.

Our extensive cartridge collection network has made Lexmark an industry leader in the recovery, remanufacturing and recycling of used toner cartridges. In 2014, Lexmark customers returned more than 35 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 45 percent and 50 percent return rates. We estimate the industry average collection rates to be between 20 percent and 30 percent.

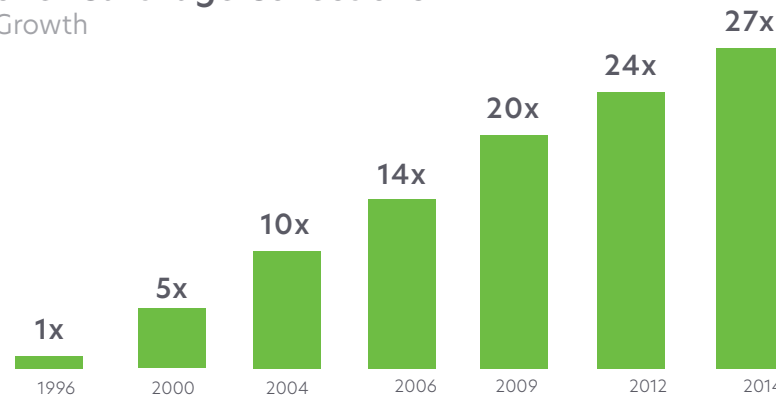
This achievement could not be accomplished without our customers' exceptional commitment to the environment. Lexmark is proud to offer various incentive programs that make it easier to do the right thing. The following list represents only a few examples:

- **C54x, X54x, CS31x/41x/51x, and CX31x/41x/51x Rewards Program**
Designed especially for users of our latest color printers, this program lets customers earn free high yield toner cartridges and imaging kits by returning their empty cartridges to Lexmark.



Lexmark Toner Cartridge Collections

Year on Year Growth



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- **Lexmark Return Program**
Available for many of our most popular printer models, this program lets customers buy toner and inkjet cartridges at discounted prices in exchange for agreeing to return the empty cartridges only to Lexmark.
- **LCCP Container Program**
Where available, customers using LCCP containers receive Lexmark Eco Reports to help measure the sustainability benefits of their cartridge returns.

Resource Conservation Through Recycling and Reuse

Lexmark is actively embracing the emerging concept of the circular economy. A circular economy is a restorative industrial system focused on maximizing the utility and value of products and materials while also eliminating the concept of waste. LCCP provides a great example through resource recirculation of preowned supplies.

In addition to reducing landfill waste, the LCCP conserves natural resources through reuse and 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 by reusing or recycling cartridges returned from customers.

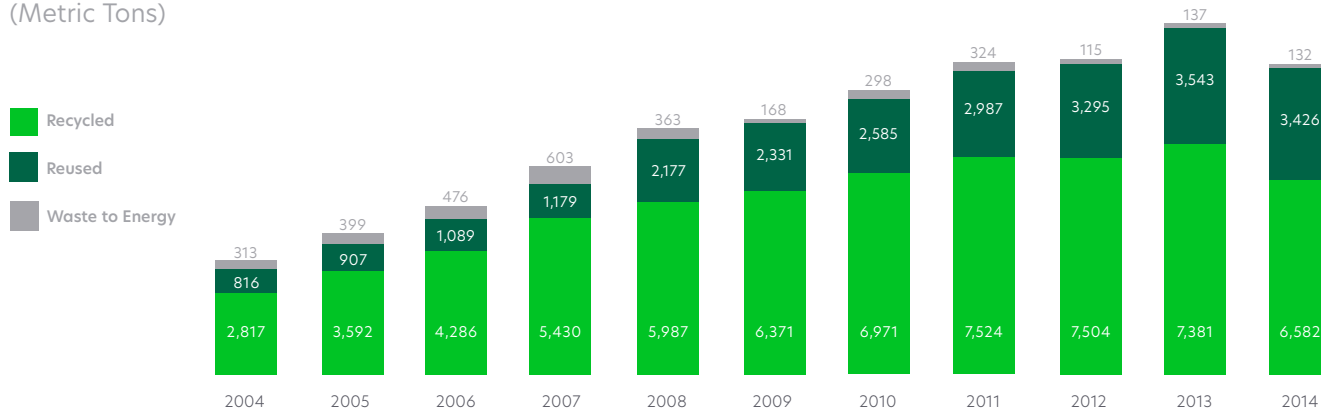
Our objective is to maximize reuse. Since 1996, Lexmark has reused over 48 million pounds of recovered cartridge material by converting millions of used toner cartridges into Lexmark-certified reconditioned toner cartridges. The eligible cartridges are disassembled and cleaned, and then the critical 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 cartridge with all new components.

Between 2004 and 2014, Lexmark increased the amount of cartridge materials reused through our collection program by over 400 percent. Last year, approximately 34 percent of the cartridge materials by weight returned to Lexmark were reused. We have established a goal to increase this to 50 percent by 2018.

If a returned cartridge is not a good candidate for reconditioning, it is disassembled in such a way to maximize the materials recovered for use in secondary products. In 2014, we recycled or reused more than 10,000 metric tons of plastic, metals and packaging, and 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.

Toner Cartridge Material Recovery
(Metric Tons)



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Guided by Lifecycle Assessments

Lexmark uses lifecycle 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 our toner cartridges. The 2014 toner cartridge product line contained an average of 12 percent PCR plastic by weight. PCR plastic has been implemented across 92 percent of the Lexmark branded toner cartridges that Lexmark sells. For some cartridges, newly

molded plastic components may contain more than 26 percent PCR by weight. Much of this is derived through a closed-loop process via the cartridge collection program where our engineers are able to reclaim feed streams of various plastic types. Plastic is derived from oil, which must be extracted, refined and then processed further. With PCR plastic, these steps are avoided—what previously would have been considered waste contributes to the production of a new product.

By 2018, our goal is to average 25 percent PCR plastic content across the entire toner cartridge product line.

Responsible Recycling (R2) Certification

Lexmark is a responsible recycler. Lexmark’s global network of recycling partners and its own facility in Juarez, Mexico, are R2 certified. R2 stands for “Responsible Recycling,” a set of rigorous requirements that ensure accountability and adherence to the highest industry standards for recycling.

Operating in a Leadership in Energy & Environmental Design (LEED) Gold certified

facility, LCCP Juárez is also ISO 14001, OHSAS 18001 and ISO 9001 certified. Click [here](#) to View Lexmark’s R2 Certification.

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 cartridges. Since 2002, CRIB has donated 103,860 “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. Going forward the funding will go towards sponsoring children to attend playgroups. This includes two meals, a comprehensive development program and access to the services of a nurse and social worker when health and psycho-social support is required.

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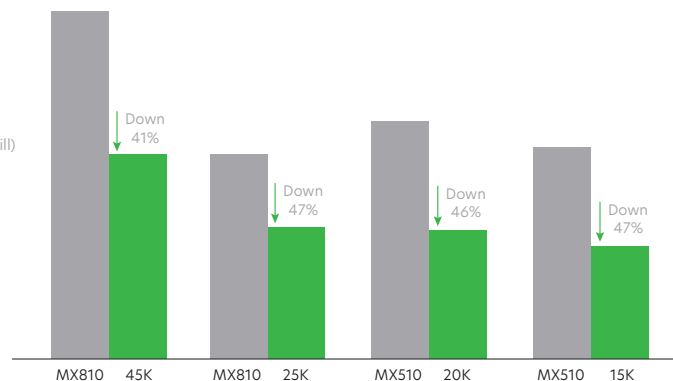
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Toner Cartridge Life Cycle Assessment

kg CO₂ if cartridge is sent to municipal solid waste stream (landfill)



kg CO₂ if cartridge is sent to Lexmark for recycling



Our People & Partners



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.

Volunteerism, charitable giving, education and commitment to diversity are part of the Lexmark culture. This genuine sense of connection makes us stronger as a business and empowers employees, while supporting the regions in which we live.

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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Commitment to 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 underrepresented groups such as women and minorities.

Lexmark recognizes the value of tracking the turnover rate and layoffs of our employees in the many countries where we operate. 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 International Labour Organization (ILO) convention No. 111 and No. 100. These include analyses of underrepresented groups in management positions and remuneration.

Board of Directors

The Lexmark board of directors is comprised of 12 directors, of which 17 percent are female.

Employee Engagement

Employee engagement is an important part of the Lexmark community and culture. We have worldwide Quarterly All Employee and Quarterly Business Division meetings in addition to regularly scheduled departmental staff meetings. These meetings allow all employees—individual contributors and managers—to hear directly from senior leaders

and to have opportunities to ask direct questions and seek clarification. Senior leaders regularly post blogs and videos on our internal social media platform, and respond to comments and questions posted by Lexmark employees. These interactions keep employees informed and engaged.

Employees have many opportunities to be engaged in corporate social responsibility. Recycling and conserving environmental resources is common practice for employees at all of our Lexmark locations. Volunteer activities are frequently available for participation and are shared through internal social media. Diversity Network groups and social groups sponsor activities that welcome all employees to join in, making a difference in the world in which we live, work and play. Lexmark has a group of environmental advocates that are focused on promoting sustainability activities and education. In the US, a tool is available for employees to track health, wellness and sustainability tasks. Many of these tasks are set up in the form of fun competitions and personal goals.

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Employee Data

Employees

Region	Employees	% Women	New Hires
Asia Pacific	3,082	44%	185
Europe, Middle East, and Africa	1,620	35%	491
Latin America	3,302	48%	1,523
North America	3,983	24%	371
Global representation	11,987	37%	2,570

Employees by job level

Employee Category	Employees	% Women
Vice President	62	15%
Director	197	17%
Senior Manager	85	24%
Manager	1,101	31%
Individual Contributor	10,542	38%
Total	11,987	37%

Employees by Employment Type

Regular Employee Types	Total	% Women
Full Time	11,891	37%
Part Time	96	82%
Total	11,987	37%
Temporary Employees	260	45%
Contingent Workers	2,725	Of the 38% that indicate gender, 33% are women.

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Women Worldwide

37% in workplace

28% in management

41% of new hires

U.S. Minority*

14% in workplace

11% in management

17% of new hires

*Employees outside of the United States are not legally required to indicate their ethnic background.

Worldwide by Age Group, 2014*

Age group	> % of Total Workforce
30 and under	22%
31-50	64%
51 and over	13%

*1% of the workforce did not disclose their age.

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Human Rights

Lexmark's commitment to human rights is outlined in our Global 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 ages, 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 his position of authority in this regard, is subject to immediate disciplinary measures, up to and including dismissal. Lexmark is committed to public reporting; however, due to reasons of individual 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. We have never been involved in any human rights controversies nor cited for any human rights violations, including the rights of indigenous employees or 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. Fully 100 percent of our security personnel, including contractors and third-party organizations providing security services, are trained in the Lexmark's policies and procedures for human rights issues and their application to security. Employees are trained on policies and procedures that prepare them to address human rights in the course of their daily work. Nearly 7,000 hours were devoted to training employees on human rights issues in the U.S., accounting for 97 percent of the U.S. Workforce.

Lexmark employees are covered by collective bargaining agreements where required by law, including 668 employees or 5 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 that 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 www.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.

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.

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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. In locations with collective bargaining agreements, the notice period and provisions for consultation and negotiation are specified in the collective agreements.

Lexmark has not been involved in any litigation, pending or settled, related to human rights. Lexmark has not had fines levied by any governmental organization in the past five years related to human rights issues. Lexmark has not been fined or disciplined by the Equal Employment Opportunity Commission (EEOC) in the past three years. No grievances have been filed through

formal grievance mechanisms about labor practices or human rights impacts in the reporting period.

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 for 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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Employee Health & Safety

The health and safety of our employees is a priority for Lexmark. In order to offer workplaces that are free from unsafe equipment, situations and practices, 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 health and safety performance. All Lexmark-owned and -leased manufacturing facilities in Boulder, Colorado; Cebu, Philippines; Lexington, Kentucky; and Juárez, Mexico, are OHSAS 18001 certified, as is the Shenzhen Asian Customization Center facility. To ensure that our facilities are ISO 14001 and OHSAS 18001 certified, Lexmark pays as much as \$17,000 annually per facility for fees related to certification. Lexmark has not incurred any fines related to environmental health and safety non-compliance in the last five years.

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

All Lexmark facilities are guided by our

corporate environmental health and safety instructions, which define the essential programs that each facility must manage in order to meet the objectives of our environmental health and safety policy. At Lexmark, it is mandatory to develop written programs that ensure legal and regulatory compliance as well as address environmental- and safety-critical processes. Any changes to environmental health and safety procedures are communicated to all applicable employees through bulletin boards, corporate intranet postings, electronic communications, handbooks and meetings with managers.

Lexmark employees are not represented by trade unions; therefore, no formal work agreements address health and safety. Instead, Lexmark has established health and safety committees at the facility level. The members of these committees represent the interests of all workers. The percentage of employees participating in Lexmark health and safety committees is 7%. The following committees are integral to the operation of the health and safety management systems at each facility, monitoring programs, advising on improvements and collecting employee feedback.

Health & Safety Committees

- ▶ **Lexington, Kentucky**
 - First Aid Team
 - Safety Team
 - ISO 14001/OHSAS 18001 Communications Team
 - OHSAS 18001 Risk Team
 - ISO 14001 Aspect Impact Team
 - EHSMS Cross-Functional Team
 - Executive EHS Committee

Emergency Planning and Preparedness Team
Corrective and Preventive Action Team

- ▶ **Juarez, Mexico**
 - Health Safety Commissions for Laser Cartridge Facility
 - Health Safety Commissions for Developer Roll Facility
 - Chemically Processed Toner Facility
 - Health Safety Commissions for Lexmark Cartridge Collection Program Facility
 - Health Safety Commissions for Tanks Facility
 - Health Safety Commissions for Emergency Brigade Facility
- ▶ **Budapest Hungary**
 - First Aid
 - Fire Marshals
 - Office and Green Team
- ▶ **Cebu, Philippines**
 - Environmental Health and Safety
 - Emergency Planning and Preparedness Safety Committee
- ▶ **Boulder, Colorado**
 - OHSMS Risk Assessment
 - Cross-Functional Teams
 - Integrated Management System
 - Steering Committee
 - Safety Recognition Committee
- ▶ **Canada**
 - Health and Safety Committee
- ▶ **Shenzhen, China**
 - Health and Safety Committee

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Lexmark has corrective and preventive action teams that work with personnel from the department or area where nonconformities occur to address nonconformities, monitor and report on progress and determine whether actions are completed. Internal audit teams evaluate the function and effectiveness of actions taken to address nonconformities in the Health and Safety Management System.

All employees and contractors with jobs that require health and safety training are offered online, instructor-led, and on-the-job

health and safety training annually, and are encouraged to report concerns about health and safety issues. 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 that they will perform on behalf of Lexmark. Compliance and safety

teams conduct inspections on a regular basis. To ensure that action items are tracked and completed in a timely fashion, they document their findings in the 14001/18001 corrective and preventive action system (or similar tool). Follow-up inspections verify completion and effectiveness of the actions taken. Best practices are then implemented in other areas or sites.

Each Lexmark manufacturing and development facility is required to maintain an emergency preparedness plan as well as an emergency response team. In 2014, Lexmark

2014 Injury Rate, Occupational Diseases, Lost Work Day Rate, Absentee Rate, and Work-related Fatalities by Region

Lexmark Location	Injury Rate		Occupational Diseases		Lost Work Day Rate		Absentee		Work-Related Fatalities	
		% Male		% Male		% Male		% Male		% Male
Boulder, Colorado	3.51	100%	0		121.6	100%	Not Reported		0	
Juarez, Mexico	0.19	60%	0		12.5	97%	1.52%	65%	0	
Lexington/North America	0.41	64%	0		6.6	100%	Not Reported		0	
China TSC	0		0		0		Not Reported		0	
Cebu, Philippines LRDC	0		0		0				0	
Total	0.28		0						0	

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implemented an emergency notification system to supplement each location's emergency procedures. The system contacts employees by text, phone call and/or e-mail in the event of an emergency. Lexmark complies

with applicable local, state and federal regulations for recording and reporting workplace accident statistics. The 2014 global Lexmark Occupational Safety and Health Administration (OSHA) reportable injury rate

was 0.28 injuries per 100 full-time employees, compared with an industry average of 1.0. Types of injuries reported most frequently include sprains, strains and lacerations. (Minor injuries are excluded from injury rate data.) The annual lost work day rate was 1.6 lost work days per 100 full-time employees. In calculating lost days, "days" means scheduled work days and the lost day count begins the day after the accident. Lexmark has not had any reported occupational diseases or work-related fatalities, and no workers involved in occupational activities have a high incidence or high risk of specific diseases.

Lexmark does not maintain injury information, injury rate, occupational disease rate, lost day rate, absentee rate or work-related fatality information for independent contractors working on site.



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ISO 14001 Certificates	Lexington, Kentucky ISO 14001	Boulder, Colorado ISO 14001	Cebu, Philippines ISO 14001	Juarez, Mexico ISO 14001	Shenzhen, China ISO 14001	Budapest, Hungary ISO 14001	Istanbul, Turkey ISO 14001	The Netherlands ISO 14001	United Kingdom ISO 14001
OHSAS 18001 Certificates	Lexington, Kentucky OHSAS 18001	Boulder, Colorado OHSAS 18001	Cebu, Philippines OHSAS 18001	Juarez, Mexico OHSAS 18001	Shenzhen, China OHSAS 18001				

Training & Education

Lexmark CSR 2014 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 use Lexmark's internal HR information system to update their career goals and development plans in preparation for conversations with their managers. Employees are also encouraged to recruit a mentor who is willing 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. Transitional education is offered to employees during times of restructure. Retirement planning assistance is available through online and on-site workshops offered by our 401(k) partner.

2014 Continuing Training & Education

Employee Category	Number of Employees	Average Training Hours
Exec Vice President	62	26
Director	197	26
Senior Manager	85	40
Manager	1,101	40
Individual Contributor	10,542	40

The reported numbers are based on the corporate-level systems that capture employee development activities and do not include formal education supported by Lexmark. Therefore, the actual hours are greater than reported in some employee categories. Training is available to all employees and is encouraged. The estimated average number of training hours for women is 40.2 and for men is 39.6.

Lexmark offers a Technical Rotation Program. The purpose of this program is to recruit and hire a diverse pool of top entry-level talent and expose them to various parts of the business 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 that offers extensive libraries of proprietary courses. At the

corporate level, leadership training and company-wide development programs are offered. Employees work on projects such as operational excellence, change management and lean transformation competency, and can earn Lexmark Lean Professional and Lean Master Certifications. Lexmark also supports external certifications such as ASQ and BMG, and financial assistance is offered where applicable.

All employees (100%) are required to complete the Code of Conduct and IT Security programs every year. In 2014, all worldwide middle managers participated in a two-day course called Leading from the Middle during which they participated in a business simulation. Courses critical to learning about legal compliance such as Global Anti-Corruption and Your Role in the Control Structure are popular. In addition, various courses are required every year, such as EEO Training and Diversity and Inclusion in the United States.

The most popular courses worldwide include Applying Lean in Service and Manufacturing

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Organizations, Communicating Assertively and Communicating with Confidence. 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 onboarding 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 résumés for the mutual benefit of the employee 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.

All (100%) 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 data gathering methods to solicit feedback on their performance as measured against their objectives. At some sites, employees use site-specific processes and tools to set and review performance goals. Managers and employees discuss performance progress at the end of each review period.



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Benefits & 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, enabling us to 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 for retirees from certain non-U.S. subsidiaries.

Lexmark is continually evaluating how we can better support the needs of our employees and their families. 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 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 and accident insurance
- Dental and vision Insurance (at most locations)
- Disability insurance
- Paid vacations and holidays
- Product discounts
- Tuition assistance
- Parental time off
- Employee profit sharing (in geographies where it is mandated by law)
- Retirement savings plan with a company contribution
- For information on Lexmark's defined retirement plan, click to see the [Lexmark Form 10-K](#).

Lexmark is focused on employees living 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. In 2014, Lexmark received the When Work Works Award for Excellence in Workplace Flexibility for the eighth consecutive year. Across the globe, Lexmark supports employee family life and offers paid maternity and paternity time off options in addition to flextime, which continues to aid new parents. Flexible schedules, accommodating Mothers Rooms, the option to work remotely and on-site or nearby child-care let parents have positive work experiences. Lexmark does not track return rates or employee retention after their return.

Healthcare is also a priority at Lexmark. Each geography strives to find ways to help employees succeed at being the healthiest that they can be. The locations in Cebu, Philippines; Juarez, Mexico; Lexington, Kentucky; and Lenexa, Kansas, have onsite medical facilities where employees can get health care exams conveniently during the workday. Most facilities offer their employees sports leagues where they can participate in friendly challenges and competitions that promote health and fitness.

Lexmark offers its employees a wide range of training, educational materials, and 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 or high risk of specific diseases.

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 a third party performs an analysis 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.

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Employee Recognition

Lexmark's Living the Vision Program is comprised of three tiers. At tier 1, the Vision Achievement Award is peer- or manager-initiated through our worldwide internal collaboration website. This recognition is quick and easy to initiate, and is visible worldwide on our site. Each quarter, one of these award winners is selected by the Living the Vision Program manager to receive an additional bonus. At tier 2, the Vision Champion Award is initiated by manager nomination. The Program subcommittee reviews the nominations and selects one winner for each geography per quarter. The tier 3 Customer for Life Award is Lexmark's highest employee honor. Selected from among the tier 2 winners, it is awarded annually.

Other U.S. Benefits

In the U.S., an unlimited vacation policy has been in place since 2013, allowing 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 continue under the current California Vacation Program due to considerations under California state law. Other paid days off are also available and not tracked such as sick time, parent time off and bereavement leave.

In the U.S., Health, Dental and Vision Benefits are offered to employees, their

spouses, domestic partners and dependents. Lexmark offers transgender benefits as well as support and guidelines for transitioning employees. Flexible spending accounts for health care and childcare are available. Assistance for adoption is provided. Elder care support is available through the Employee Assistance Program. The headquarters location in Lexington, Kentucky, has a subsidized childcare center on site in a Leadership in Energy & Environmental Design (LEED) Gold certified facility. Lexmark offers a backup care program for children, teens, adults and employees recovering from an illness or injury. Backup care is subsidized for up to 15 days per year.

The Lexington, Kentucky, and Lenexa, Kansas, locations have a health and wellness center for their employees. These centers offer health coaching, allergy injection programs, physical therapy, and wellness and sick visits. An interactive Live Well tool is also available for employees and their spouses and domestic partners. Lenexa and Lexington both have sports courts for their employees.

The headquarters site in Lexington, KY has a subsidized childcare center on-site in a LEED gold certified facility. The environmentally beneficial features that earned the LEED Gold certification are used as an educational experience for the children. The children learn about water and energy conservation, local harvest and material re-use and recycling.

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Diversity

Letter From the CEO

Lexmark's transformation is being fueled by its focus on diversity. We see diversity as key to our company's continued evolution and success, leading us well beyond our hardware heritage to a broader vision of technology solutions that span enterprise software, hardware, and services. 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, culture, markets, suppliers, 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 A. Rooke
Chairman and CEO

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 his or her complete self to work.

A Unified Vision



Lexmark Diversity Council is a tiered structure comprised of an Executive Diversity Council and Diversity Advisory Council. Lexmark's Diversity Network Groups (DNGs) are instrumental in advising and supporting these efforts.

Each entity works in partnership with the others to reframe the current initiatives around diversity worldwide. Lexmark's Diversity Mission Statement is aligned with the ideal future state of diversity at Lexmark. The mission statement encourages our employees 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 DNGs 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 offers 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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Commitment to Customers

When our customers buy Lexmark products, they can be assured that 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 has been "Customers for Life." This focus is deeply ingrained in all of our processes because we know that everything we do ultimately reaches our customer in some way. We con-

tinually seek the best ways to make sure that our connection with customers is handled with the utmost respect.

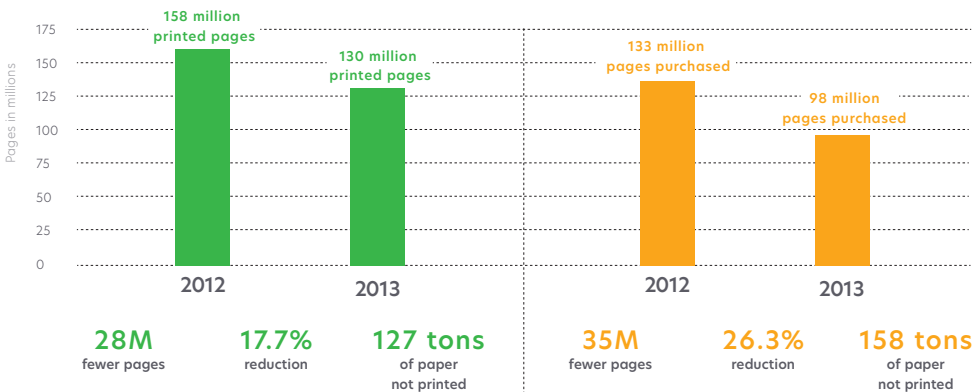
At Lexmark, we have learned how to operate efficiently and how to utilize our wide variety of solutions to reduce our printing and paper consumption. We partner with our customers to help them make similar reductions by consolidating and optimizing their devices.

We work with them to understand their printing needs and offer solutions that will benefit their business the most. One Lexmark customer reduced its year-to-year total pages by 158 tons, and they included Lexmark's metrics information in their Corporate Social Responsibility (CSR) report. They noted that they have a reduced need to recycle paper because they aren't consuming as much of it.

Supporting the Environment by Printing Less

Total pages printed

Total pages purchased



With Lexmark Print Management and the reduction in pages printed, there's less paper to recycle. **9.33 fewer tons recycled.**

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Understanding Our Customers

At Lexmark, we believe that winning companies are those that execute most consistently on behalf of the customer. Since our inception, Lexmark's vision has been Customers for Life. Realizing this vision begins with an understanding of how our customers feel throughout their journey with Lexmark. We align our people, processes and technology to create innovative solutions to meet our customers' needs. We follow up by focusing on the consistent delivery of differentiated customer experiences that inspire loyalty.

Best-in-class companies use customer journey maps as a solid foundation for 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 and collect feedback from multiple research sources to create a clear understanding of our customers.

Creating Customer Understanding

We listen to our customers



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

Customer Understanding is about creating a clear and accurate picture of how customers truly feel after they've interacted 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 surveys and interviews to gather feedback about how well we are meeting the diverse needs of our customers. This includes understanding a variety of different customer roles—from decision-makers who buy Lexmark products and solutions to others who sell, deliver, manage, support 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 engage with key individuals responsible for deploying new Lexmark enterprise software, hardware and solutions inside their companies. We also solicit feedback from 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, our website and e-mails. *Example: We analyze support and service call data and website feedback where customers share insights about how we are doing, and about how we can better serve them.*

We ask employees:

We learn more about customer needs by frequently tapping into the rich insights from those who know our customers best—our customer-facing employees. We conduct surveys and interviews with worldwide

employees from sales, program management, professional services, technical operations, customer operations and technical support.

We collaborate:

We collaborate with 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 us prioritize our efforts to continuously improve customer experiences.

Deeper Understanding

Our culture of inquiry, collaboration and responsiveness yields a level of customer care and engagement that anticipates customer needs. While our customer-facing employees support our global customers on a daily basis, our engineers and product designers also visit with 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 that our technology, people and processes provide the products, solutions and services that address our customers' pain points.

Example: We host Executive Roundtables to gather candid feedback from a group of customer executives. Our executive

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team receives first-hand input relative to market direction, industry needs, business challenges, technology requirements and current performance, which helps guide our enterprise software strategic roadmap and customer experience.

Anticipating Needs

We anticipate their needs



Our culture of inquiry, collaboration and responsiveness yields a level of customer care and engagement that anticipates customer 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 and prevent customer problems. We monitor printer fleets for some of the largest companies in the world 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 minimize or eliminate both actual and potential customer problems. Teams work to find the root causes for problems that customers experience. For complex issues, we bring cross-functional owners together to drive customer-focused improvement into our processes.

At Lexmark, our attention to 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.

Creating Value in the Customers' Eyes



We act to create value

Ongoing collaboration with customers yields comprehensive solutions that deliver results.

Customer-Focused Improvement:

Continually improving the way we deliver customer experiences requires strong leadership, a clear vision and an intentional approach. Our improvement efforts are focused at the most important customer interactions: moments of truth and pain points. We combine the right people, processes, technology and systems, and collaborate with key stakeholders to ensure that we are driving changes that will enable our employees to better serve Lexmark customers.

Example: In 2014, we conducted customer experience research around a few of the most critical interactions highlighted by our customer journey mapping efforts. Armed with new insights about what was important to customers who buy, deploy and use Lexmark solutions, we were able to engage cross-functional teams to drive initiatives that are designed to deliver enhanced experiences for our customers. We remain focused on meeting our customers' diverse and dynamic needs, and on delivering differentiated experiences that our customers value and deserve.

Customer-focused Employees

At Lexmark, our formal employee performance reviews worldwide include a process to measure the progress of customer-focused objectives. Employees set

objectives to help them focus on improving the customer experience. These objectives are based on employees' understanding of 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.

We also capture formal feedback from our employees to better understand and continually improve their Lexmark employee experience. We know it takes engaged employees to create engaged and loyal customers.

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Product Health & Safety

At Lexmark, customer and community health and safety impact are considered from first concept of our products to end-of-life. Lexmark employs the use of an internally-developed compliance engineering system in the Lexmark PLM tool to drive product compliance through the development process. This tracking system helps inform the relevant parts of the business when certifications/regulations need to be pursued and also provide information on expiration or termination.

We comply with worldwide standards and local laws and test our products in laboratories accredited by third-party agencies. Third party accreditation ensures that the data and subsequent reports produced for regulatory compliance conform to relevant standards, such as ISO. Lexmark tests products for certifications associated with specific regulatory and voluntary standards such as: Blue Angel chemical emissions, energy and acoustics, the Federal Communications Commission (FCC), Comité International Spécial des Perturbations Radioélectriques (CISPR), Underwriters Laboratories (UL) and Conformité Européenne (CE). Lexmark also performs toxicity-testing on toners according to protocols from the Organization for Economic Co-operation and Development (OECD 404, 405, 406 and 423), as well as the AMES test. Lexmark learned that certain units of the Lexmark C950/X950 family of products may not comply with the European Union's Restriction of Hazardous Substances Directive (RoHS") Recast Directive and the EU member states laws that implement this Directive. Our manufacturer informed us

of tests that show that small plastic parts within a sensor assembly located deep within the equipment contain an excess cadmium (approximately 5.8 mg per unit), which although very small, is above the permissible level under RoHS regulations. As the cadmium is bound up in the hard plastic material, it does not create any safety exposure during routine use and repair of the equipment. In addition, the plastic parts are enclosed within the equipment and are not at any time accessible by customers. Nonetheless, Lexmark stopped shipment of affected products and ordered new modules to replace existing stock inventory, as well as inventory in the field at the next service call. No monetary fines have been assessed as part of this non-compliance.

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

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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.

100%
of our significant
product families are
assessed for health
and safety impacts.



Lexmark doesn't sell products that are banned in any market worldwide.

Product and Service Information

We are committed to providing product and service information for the products and services we provide to the customer. Lexmark has established a Regulatory Compliance webpage to address customer questions and provide information. In addition, the following resources are largely available online via the Tech Library:

- Service and service part sourcing
- User content
- Safety/Regulatory instructions or notices
- Disposal or recycling information
- Environmental and social impacts
- Safety Data Sheets

In 2014, there were no instances of non-compliance for health and safety impacts, service information and labeling beyond the previously mentioned issue and no fines were imposed.

Product Compliance Cross Functional Team

Lexmark compliance engineers created a cross functional team to share information

and develop the internal tracking system to drive and monitor new and existing compliance activities. The team is comprised of representatives from multiple departments including Product Safety, EMC, Fax/Homologation, Sustainability/Environmental, Health and Safety, Energy, Acoustics and Chemical Emissions.

These teams work to ensure Lexmark product conforms to relevant national and international standards and ensure the documentation and marks needed for the devices are present. They further educate the development community about design requirements so the teams will be able to meet newly introduced or revised standards.

In particular, the Product Safety Team focuses on product safety and investigates all reported safety incidents and takes appropriate action, which can include recommendations for design changes or modifications to manufacturing processes and procedures. The other teams, such as Sustainability/Environmental, Health and Safety, also support a similar approach to incidents or violation. 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.

Lexmark outsources our web store to a third-party channel partner, which administers the store and collects 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:

privacy@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](#).

Lexmark's Budapest, Hungary, the United Kingdom and the Netherlands locations have received [ISO 27001 certification](#) for Enterprise Software Professional Services, Global Support Service and related IT and support functions, such as Human Resources, office management and site security. This Information Security Management System aims confidentiality, integrity and availability of both Lexmark and customer data.

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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 we state on our corporate website that Lexmark enjoys the highest customer satisfaction scores in the multifunction product market, we must be able to cite an objective study that confirms 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 is also reviewed by our Legal Department and validated by the Product and Process Quality Assurance Team. We review our compliance with regulations and voluntary codes concerning marketing communications annually. Lexmark had no incidents of noncompliance with regulations or voluntary codes concerning marketing communications in 2014.



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Lexmark employees are responsible to the global communities in which we live and work and to the environment as well. Our values guide our actions to ensure we have a positive impact on the social and environmental progress of our local communities.

Lexmark supports our employees to actively give back to our communities through donations of time, talent and resource. We encourage and recognize the volunteer

accomplishments of our employees with the Volunteer Time Off program and the Volunteer of the Year award.

We have accepted a responsibility to be effective stewards of our resources. We take pride in providing support to our community through our actions, service and resources.



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Lexmark's Impact on Our Communities

Where We Do Business

Lexmark products and solutions are sold in more than 170 countries. In addition, Lexmark owns or leases approximately 5.2 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; Lenexa, Kansas; Cebu City, Philippines; Kolkata, India; Berlin, Germany and Stockholm, Sweden. 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 assessed for potential environmental concerns 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.

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.



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The following table highlights some of Lexmark's economic impact worldwide.

33,652
trips producing
\$16.4 million
in airfares.

54,289
overnight hotel
stays valued at
\$13.8 million

10,644
car rentals
generating
\$2.1 million in fees

Average salary of
\$111,786
for United States
employees

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 ink

jet business in Lexington, Kentucky. 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

Volunteerism is at the heart of Lexmark. Employee Ulises Irigoyen Morales said of volunteerism, "This is one of the differentiators for Lexmark; we care and are committed to the environment, community, company and employees. One Lexmark with the same spirit worldwide." Lexmark encourages employees to give their time, talent and resources to our neighbors where we live and work worldwide. Programs such as Volunteer Time Off, Volunteer of the Year Award and flexible work policies empower employees to give back to their communities and make a difference.

Habitat for Humanity



Lexmark has been a supporter of the Lexington Habitat for Humanity since 1997. Each year nearly 125 employees and retirees volunteer their time to work diligently and build a home for a local family. In fact, Lexmark volunteers built two homes during two of the years. The 19th home was built in 2014. Lexmark is the longest-running uninterrupted corporate sponsor of Lexington Habitat for Humanity.

In the last six years, Lexmark focused on energy-efficient efforts such as using ENERGY STAR rated heating and cooling products, windows, ceiling fans, light fixtures and appliances, as well as minimizing waste and using advanced framing techniques. These and other efforts have helped the homes receive the highest ENERGY STAR New Home certification. It is estimated that the homeowners' utility costs will decrease 25 to 55 percent because of this certification.

Lexmark Habitat volunteers look forward to this opportunity every year. For some, it is a chance to use carpentry skills, for others it is an opportunity to learn a new skill or to teach an area of expertise to a new volunteer. Volunteers get to know colleagues with whom they may not have worked previously, and often build new friendships. Habitat for Humanity is a perfect place for Lexmark volunteers to use their skills outside the workplace.

United Way

Lexmark locations around the globe support United Way. The support takes place in the form of donations of funds, employee skills, volunteer and personal time, company facilities, communications and promotion. In



the U.S., Lexmark participates in numerous area fundraisers as well as Lexmark-hosted events. Activities range from festivals to sports tournaments. Lexmark participated in numerous Care Day volunteer opportunities, including completing maintenance and grounds work at crisis and care centers, as well as the Meadow Mountain Girl Scout camp; building a playground at a local YMCA; providing meals for children and families in mentoring and education programs; planting community gardens; and gleaning produce at area farms.

Through the United Way entity Fondo Unido, approximately 50 Lexmark employees and family and friends from Juarez, Mexico, volunteered to paint at a local primary school to help provide a better learning environment.

Lexmark Canada had their most successful United Way campaign to date in 2014, through their Golf Tournament. A team of employees also participated in a Day of Caring, during which they improved the landscaping around a halfway house and set up garden beds for fresh produce to be grown. In 2014, Lexmark Canada received the 2014 Community Spirit Award, 2014 Campaign Spirit Award and the 2014 Giving Spirit Award.

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Volunteer of the Year Award



Every year, the Lexmark Global “Living the Vision” Committee reviews nominations for Volunteer of the Year. The award is designed to encourage and recognize the volunteer efforts of Lexmark employees worldwide and support the causes that are most important to them. Lexmark encourages all employees to actively give back to our communities through donations of time talent and resource. The award recipient is honored at an on-site event, and Lexmark makes a donation to an eligible nonprofit organization or school of the winner’s choice.

The 2014 Lexmark Volunteer of the Year is Sudeepta Ray, a product engineer from the Enterprise Software team in Kolkata, India. Sudeepta shines as a corporate citizen. She passionately supports many efforts, including mentoring underprivileged students

to help them continue their education and logging over 500 volunteer hours mentoring young girls to decrease their dropout rate. Sudeepta also actively supports a project focused on rescuing and rehabilitating young girls sold in red-light areas. She has taken this work a step further by cofounding a non-governmental organization that helps people—particularly young women—who are vulnerable to human trafficking by creating sustainable job opportunities. Sudeepta also uses her editing and graphic arts skills to edit and create collateral for multiple publications that ultimately help young people.

North America

Tree Plantings



Lexmark sponsored Reforest the Bluegrass for the 16th consecutive year and volunteers joined with the local community to plant trees.

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

Lexmark, PGA of America and The Nature Conservancy partnership planted 1,018 trees

in Louisville, Kentucky. These native species trees were planted in support of the PGA of America’s 96th Championship and their commitment to benefit local communities. The planting involved many Lexmark employees and community volunteers. Everyone enjoyed the day of volunteering while being educated about how tree planting helps address Louisville’s heat island problems, which result from a lack of trees and tree canopy.

Lexmark, PGA of America and the Benton Harbor Parks and Recreation Conservancy planted 25 trees in a local park to make a positive impact on the community in conjunction with the 75th Senior PGA Championship presented by Kitchen Aid. Local children joined in with excitement to participate in planting trees for the first time.

Employees at Lexmark’s Coral Gables, Florida office helped improve the soil and aesthetics of Tropical Park by spreading mulch around the trees.

Outreach

Many employees volunteer to teach Junior Achievement courses to school-age children over the course of several months.

Several members of the North American recruiting team volunteered with the Louisville-based Kids Cancer Alliance. As part of the Meals and More Program, they visited Kentucky Children’s Hospital in Lexington and delivered dinner and goodie bags to the children and their families.

Members of the Lexmark’s Proactive Service

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Management team in Lexington, Kentucky, volunteered at God's Pantry food bank to transfer pinto beans from bulk packaging into smaller boxes for distribution. The team worked for three hours, packaging a total of 3,166 pounds of beans. At approximately the same time, the Research and Development organization collected 1,223 pounds of food from donations for God's Pantry.

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

A team of Enterprise Software employees volunteered at The Children's Place in Kansas City, Missouri, helping with building, grounds and playground maintenance. Team members also participated in a planting activity in the greenhouse.

Employees at the Enterprise Software complex in Kansas volunteered time sorting donations for the Children's TLC Holiday Store as well as wrapping gifts for the Crittenton Children's Center. Over 10,000 diapers were packaged as a result of Enterprise Software employees' packaging diapers for the Happy Bottoms organization.

Lexmark employees and family members in Puerto Rico participated in a beach cleanup.

Diversity Network Groups

Lexmark Diversity Network Groups bring many volunteer opportunities to Lexmark for employee participation. The Women@Work (W@W) diversity group sponsors at least one quarterly volunteer event each year. In 2014, the group organized volunteers for

Young Women LEAD (Leadership, Education and Development) in Lexington, Kentucky; the Kentucky Science Center Lexington Youth Science Summit; the CASA (Court Appointed Special Advocate) of Lexington Superhero Run; and the Chrysalis House Christmas Party. The W@W group also collected in-kind donations for several of these organizations and events.

The Network Alliance of Black Lexmark Employees (N-Able) hosted a STEAM Academy during Engineers Week; participated in Engineering in the Park with NSBE (National Society of Black Engineers); and participated in the North YMCA Care Day in 2014. Linked, Lexmark Young Professionals, partnered with the University of Kentucky Scholars in Engineering and Management (UK SEAM) program to mentor students in their junior year. In addition to partnering employees and students, the mentoring program also hosts professional development events for all Lexmark mentors and SEAM students to attend. The Gay-Straight Alliance of Lexmark Employees (GALE) volunteered at the local PRIDE festival.

Asia Pacific

Kolkata, India

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

Employees worked in association with Pratyush, a center for needy children in the Barasat area of West Bengal, to provide children with clothes, grains, household items and cash.

Through the Avenue Welfare Society, Lexmark India provided educational supplies and support to children. They also initiated a Joy of Sharing drive to collect clothes, household items, toiletries, toys, grains and cash to share with underprivileged children.

Cebu City, Philippines



In the wake of Tropical Storm Ruby (Hagupit), team members from Cebu helped repackage relief goods for affected areas.

Cebu employees participated in a variety of feeding events at venues such as Lorega, Umapad Community Outreach and Gasa sa Gugma. In addition to feeding at the Rise Above Foundation Franciscan Orphanage, Lexmark employees held a Fun Day with the Children of Cebu Foundation, Inc., which included storytelling and craft activities for the children.

Around 7,000 people were left homeless after an estimated 500 houses were destroyed by a fire that ravaged Barangay Lorega San Miguel, Cebu City, on March 18, 2014. In an effort to help rebuild the lives of those devastated by the Lorega fire, Lexmark Cebu employees organized a campaign for donations to help victims of the fire.

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School kits were also provided by many departments within Lexmark Cebu. Organizations receiving supplies included Daanbantayan and Tabogon, Loon, Bohol and Pardo Extension Elementary School. The Pardo Extension Elementary School also benefited from an event to paint and clean up their drive.

Europe, Middle East and Africa



Budapest, Hungary

A team of approximately 50 Lexmark Budapest employees volunteered at the Budakeszi Wildlife Park refurbishing pavement and fences.

After the record Duna River flood in 2013, Lexmark employees continued to support the people of Dunabogdány in 2014 by joining the AmCham Foundation to renovate a playground affected by the flood.

Apeldoorn, Netherlands

Team members in Apeldoorn, Netherlands, collected and delivered more than 100 food packages for Foodbank Apeldoorn.

Geneva, Switzerland; Paris France; Casablanca, Morocco

The Geneva and France Lexmark offices

led a campaign to raise money for Planète Urgence, which fights against deforestation in Indonesia, Mali and Madagascar.

Lexmark employees in multiple locations, including Geneva, Paris, Orleans and Casablanca, collected more than 30 boxes of toys for the Geneva-based Action Libre ONG, in partnership with Essalah ONG, which helps kids in need ages 3 to 6 in Fez, Morocco.

Latin America

Lexmark Mexico focuses on several areas of corporate responsibility, including environmental, social and educational activities.



Lexmark Mexico held a reforestation day at Ajusco, an area that is important for conservation of local ecosystems. Three hundred trees were planted by employees and family members.

Employees participated in several events at local shelters for orphans, including Centro Familiar de Ayuda, Casa Hogar Santa Clara de Asis and Albergue Los Ojos de Dios, Albergue Nuevo Camino and Albergue Casa Eudes, where they provided food and participated in activities with the children to boost

moral or promote continued education and career interest.

Several homes for the elderly, such as Asilo Senecu and Asilo Juventud y Senectud A.C., also benefited from social visits from Lexmark Mexico employees.

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Continued Support of the YMCA



Lexmark donated a \$1.5 million matching gift to the YMCA of Central Kentucky in May 2014. This will allow the organization to physically expand and provide additional services where they are needed most. The expansion is planned to include additional fitness and wellness space, as well as space for healthy living programs.

This gift represents Lexmark's continuing investment in Lexington's Northside community. In 1998, Lexmark donated 20 acres of land for the construction of the North Lexington Family YMCA, and an additional \$600,000 for construction of the building. In 2005, Lexmark donated 12 acres of land to the Hope Center for construction of the George Privett Recovery Center. In 2010, Lexmark worked with the city of Lexington to allow the Legacy Trail to cross its campus. In 2012, Lexmark donated \$1 million to the University of Kentucky in support of science, technology, engineering and mathematics (STEM) education outreach initiatives. The new UK/Lexmark Center for Innovation in Math and Science Education continues to provide professional development to Kentucky science and math teachers as well as available space for community outreach.

Lexmark Canada Makes Donation to World's First Human Rights Museum

Lexmark Canada donated \$25,000 to the world's first museum dedicated solely to human rights. The Canadian Museum for Human Rights opened in September 2014 in Winnipeg, Manitoba. Lexmark also made in-kind donations of printers and solutions.



Corporate Giving and Philanthropy

Lexmark strives to be a good corporate citizen in the communities where our employees live and work. We are committed to local, national and global communities, where we contribute money, equipment, facilities, loaned talent, technical assistance and volunteer support to organizations.

2014 North America Charitable Giving

United Way, Community volunteerism	\$ 2.6M
Education	\$ 0.7M
Diversity	\$ 1.2M
Total North America giving	\$4.5M

In-Kind Gifts

The tracked in-kind gifts recorded in 2014 were \$66,000. 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.

Lexmark makes numerous in-kind contributions to nonprofit organizations. In addition to printers and gifts associated with printing, employees collect items for numerous other needs. These collections are not tracked for value purposes but are meaningful contributions for the community. School supplies, food, clothing, health supplies and trees are some of the many items Lexmark has donated.

Support of United Way

Lexmark continues to be a proud supporter of United Way in the U.S., Canada and Juarez, Mexico. Employees find unique ways to raise money for United Way, including internal and community events. Lexmark not only supports United Way through charitable giving, but also employee engagement and volunteerism. Canada had its most successful fund raising event to date, a golf tournament raising 27K for the United Way. Lexmark promotes partnerships, activities, events and donation opportunities through social media including the Lexmark News Blog, Facebook, Twitter and LinkedIn.

Support for STEM Education

Lexmark corporate giving continues to be focused around the improvement of science, technology, engineering and mathematics (STEM) education. STEM initiatives such as the Science Pioneers Science Fair, Youth

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Science Summits, Women in Engineering, and partnerships with universities are a few examples of the many ways Lexmark supports STEM initiatives. In many cases, Lexmark employee talent and Lexmark facilities are used for these educational events providing increased support for the community.

The Lexmark INSPIRE Award and the 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 STEM education and outreach initiatives. The UK/Lexmark Center for Innovation in Math and Science Education 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.

Lexmark Supports the Community and Environment

Lexmark Environmental Advocates Fellowship (LEAF) partnered with the Blue Jeans Go Green™ denim recycling program to collect old denim and give it new life as housing insulation for communities in need. One of the cities receiving denim collected through the Blue Jeans Go Green program is West Liberty, Kentucky.

Contributing their time and resources to help the community of West Liberty was important to Lexmark employees after a devastating tornado hit the town in March 2012. Many homes, businesses and the West Liberty Elementary School were destroyed. Lexmark employees volunteered on multiple occasions and donated furniture and supplies to get the school up and running again. Lexmark also hosted students from West Liberty for a day of fun with learning about



science, engineering, technology and math through experiments and play. In 2014, Lexmark employees in Lexington, Kentucky, donated more than 200 pieces of denim to Blue Jeans Go Green to support communities in need. The denim recycling program has provided nearly 250,000 square feet of insulation annually to communities like West Liberty, and has diverted 600 tons of denim from landfills.

Blue Jeans Go Green is a trademark of Cotton Incorporated.

Dodge for a Cause

Our Lenexa, Kansas, location hosts Dodge for a Cause—a great activity for both employees and the community. It has been a profitable fundraiser for JDRF, earning \$10,000 in 2014. Over \$130,000 has been raised in support of JDRF since 2006 when the tournaments began.

Worldwide Lexmark Initiatives

Lexmark employees and their families respond in times of need in locations throughout the world.

Asia Pacific

India employees raise funds for the children of Barrackpore Avenue Women's Cultural and Social Welfare Society and Pratyush, NGOs that help with child welfare and education. The employees raised Rs. 11500 for both of the organizations. In addition, they

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collected food, grains, clothing and educational supplies for the children.

Lexmark Cebu campaigned for donations to help victims who were left homeless after a devastating fire destroyed an estimated 500 houses in Barangay Lorega San Miguel, Cebu City. Donations included food, bottled water, assorted clothing and shoes, home goods, diapers, toiletries and toys.

Europe, Middle East and Africa

Lexmark France supports the French Cancer League. For the sixth consecutive year, EUR 1 is donated to the league for every cartridge collected through the Lexmark Cartridge Collection Program (LCCP). 2014 donations of EUR 50,000 helped support studies in epidemiology as well as research projects to help prevent cancer in young patients.

Geneva, Paris and Switzerland offices collected donations for Planète Urgence, an international NGO fighting deforestation in Indonesia, Mali and Madagascar, enabling them to donate and plant 318 trees.

Employees in this geography raised \$1,362 to donate to the Emirates Wildlife Society World Wildlife Fund (EWS-WWF), two organizations working together on a series of projects to address the ecological footprint of the United Arab Emirates, conservation and promotion of science-based policy work.

Lexmark France and Switzerland donated clothing to Caritas Switzerland in an effort to help the impoverished and socially disadvantaged in their communities.

Latin America

In Juarez, Mexico, Lexmark and its employees donated nearly \$6,500 to elementary schools in the area. They worked to donate nearly \$4,000 to local health centers—one in support of children with hydrocephalus and one cancer APANICAL. They also donated a 60-in. television to the Albergue Infantil Nuevo Camino shelter.

Lexmark Argentina provided a donation of toner supplies to Hogar Querubines, a nonprofit civil association with the primary goal to help children affected either directly or indirectly by HIV/AIDS.

North America

Donations of \$500 each were given to local community programs in Boulder, Colorado: Longmont Meals on Wheels; the Crayons to Calculators program created by Impact on Education; and OUR Center, a program in Longmont, Colorado, that provides resources that help people in the community become self-sufficient.

Lexmark Lexington donated \$3,000 to assist with Reforest the Bluegrass and Arbor Day, held at the University of Kentucky Arboretum. These events focus on reforestation in Kentucky and promote environmental education and awareness.

Lexmark is committed to reforestation efforts and has donated over \$21,000 for tree planting. Two of the locations benefiting from tree planting events were affected by tornadoes, and the trees that were planted are helping rebuild the communities

affected by such natural disasters. Lexmark also partners with organizations such as the The Nature Conservancy (TNC), planting trees at the PGA held in Louisville, Kentucky. In addition, Lexmark contributed \$100,000 to TNC as a partner.

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 political contributions to the appropriate state or federal political and/or ethics authorities, and publishing the information on their respective websites. No financial or in-kind political contributions have been made in the U.S. or in non-U.S. countries where we do business.

From time to time, Lexmark employs the services of remunerated attorney and non-attorney advocates and consultants. These advocates provide Lexmark with legislative monitoring services, guidance on proposed and enacted legislation, and communication of the applicable Lexmark position on legislation to interested parties and/or stakeholders.

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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, positive 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 the 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 to 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.

Examples of Partnerships

Lexmark and The PGA of America 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 The 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. In 2014, trees were planted in support of the Senior PGA Championship, presented by KitchenAid in Benton Harbor, Michigan. The trees were part of a community park revitalization. The children who participated were all very excited to help plant trees that would be part of their new park for years to come.

Lexmark has teamed up with other customers, such as CSX and Grainger, on similar community-focused efforts. While we have a long history with sustainability-focused projects, Lexmark 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. For two consecutive years, The Mountain Marathon has been a successful way for employees of both companies to join together in fitness to promote a good cause.

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



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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.

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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, 2014) 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. Our previous report was published in 2014. We have no restatements of information provided in previous reporting.

We prepared this report using the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines, along with ISO 26000 guidance and United Nations Global Compact principles. Lexmark did not seek external assurance for this report. Lexmark's CSR Report assesses our operations globally. Unless noted, principles and policies referenced in the report apply to worldwide, Company-owned locations and to all Lexmark employees. ReadSoft was acquired in 2014 and data from this acquisition is 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 2014 Annual Report and [Form 10-K](#), which are filed with the Securities and Exchange Commission and are available on our corporate website.

Readsoft and GNAX were acquired in 2014 and data from these acquisitions are included where applicable.

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General Standard Disclosures

	Descriptions	Information Links
STRATEGY AND ANALYSIS		
G4-1	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	Message from the CEO
G4-2	Description of key impacts, risks and opportunities	Risks, Opportunities and Impacts; Innovation
ORGANIZATIONAL PROFILE		
G4-3	Name of the organization	Company Profile
G4-4	Primary brands, products, and services	Company Profile
G4-5	Location of the organization's headquarters	Company Profile
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Company Profile
G4-7	Nature of ownership and legal form	Company Profile
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Company Profile
G4-9	Scale of the organization, including: number of employees, number of operations, net revenues, total capitalization broken down in terms of debt and equity (for private organization), and quantity of products or services provided	Company Profile

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	Descriptions	Information Links
G4-10	Total number of employees by employment contract and gender, total workforce by employees and supervised workers by gender, total workforce by region and gender, whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees, including employees, report any significant variations in employment numbers (seasonal variations in employment in tourism)	Commitment to Employees
G4-11	Percentage of total employees covered by collective bargaining agreements	Human Rights
G4-12	Description of the organization's supply chain	Supply Chain
G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain including: changes of location or in operations including facility openings, closings, and expansions; changes in the share capital structure and other capital formation; maintenance, and changes in location of suppliers or supply chain structure	Materiality
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Materiality
G4-15	List of externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Materiality
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization holds a position on the governing body, participates in projects/committees, provides substantive funding or views membership as strategic	Materiality

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IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	List of all entities included in the organization's consolidated financial statements or equivalent documents and report whether any entity included in the organization's consolidated financial statements is not covered by the report	Finance
G4-18	Explain the process for defining the report content and the aspect boundaries, and how the organization has implemented the reporting principles for defining report content	Materiality, Reporting Parameters
G4-19	Material Aspects identified in the process for defining report content	Materiality
G4-20	For each material Aspect, report the Aspect Boundary within the organization as follows: Aspect is not material for all entities in organization, list of entities included material and list not material, report specific limitation regarding the Aspect Boundary within organization	Materiality
G4-21	For each material Aspect, report the Aspect Boundary outside the organization as follows: if aspect is material outside the organization, identify the entities, groups or elements for which the aspect is material; describe location where the aspect is material; report any specific limitation regarding Aspect boundary outside the organization	Materiality
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	Reporting Parameters
G4-23	Significant changes from previous reporting periods in Scope and Aspect Boundaries	Reporting Parameters, Materiality

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STAKEHOLDER ENGAGEMENT		
G4-24	List of stakeholder groups engaged by the organization	Materiality
G4-25	Basis for identification and selection of stakeholders with whom to engage	Materiality
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Materiality
G4-27	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, and which stakeholder groups raised respective topics and concerns	Materiality, Understanding Our Customers
REPORT PROFILE		
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Reporting Parameters
G4-29	Date of most recent previous report (if any)	Reporting Parameters
G4-30	Reporting cycle (such as annual, biennial)	Reporting Parameters
G4-31	Contact point for questions regarding the report or its contents	Reporting Parameters
G4-32	The 'in accordance' option organization has chosen, the GRI content index for chosen option, and reference to the external assurance report if report has been externally assured	GRI Index

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	Descriptions	Information Links
G4-33	Policy and current practice with regard to seeking external assurance for the report. (If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided, report the relationship between the organization and the assurance providers, and whether the highest governing body or senior executive are involved in seeking assurance for sustainability report.)	Reporting Parameters
GOVERNANCE		
G4-34	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Governance
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Governance
G4-36	Detail whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	Governance
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. (If consultation is delegated, describe to whom and any feedback processes to the highest governance body.)	Governance

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G4-38	Composition of the highest governing body and its committees by: Executive independence, tenure on governing body, number of each individual's other significant positions and commitments and nature, gender, membership of under represented social groups, competences relating to economic, environmental and social impacts, stakeholder representation	Governance
G4-39	Detail whether Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	Governance
G4-40	Nomination and selection process for the board and its committees and the criteria used for nominating and selecting board members	Governance
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed. (Report whether conflicts of interest are disclosed to stakeholders.)	Governance
G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	Governance

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	Descriptions	Information Links
G4-43	<p>Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics</p> <p>Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.</p>	Governance
G4-44	<p>(Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment of economic, environmental and social topics, including changes in membership and organizational practice.)</p> <p>Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. (Include the highest governance body's role in the implementation of due diligence processes. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.)</p>	Governance
G4-45	<p>Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics</p>	Governance
G4-46	<p>Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities</p>	Governance
G4-47	<p>Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered</p>	Governance
G4-48	<p>Process for communicating critical concerns to the highest governing body</p>	Governance
G4-49		

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G4-51	Remuneration policies for the highest governance body and senior executives for the below types of remuneration: fixed pay and variable pay, sign on bonuses, termination payments, clawbacks, retirement benefits, including the difference between benefit schemes, and how performance criteria in the remuneration policy relate to the board's and senior executive's economic, environmental and social objectives	Governance
G4-52	Process for determining remuneration. (Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.)	Governance
G4-53	Detail how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	Governance
ETHICS AND INTEGRITY		
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Transparency & Ethics
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	Transparency & Ethics
G4-58	Internal and external mechanism for reporting concerns about unethical or unlawful behavior and matters related to the organizational integrity such as escalation through line management, whistle blowing mechanisms or hotlines	Transparency & Ethics
ECONOMIC PERFORMANCE		
G4-EC1	Direct economic value generated and distributed	Finance, Benefits, Community Impact

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G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Risks, Opportunities & Impacts
G4-EC3	Coverage of the organization's defined benefit plan obligations	10-K, Benefits
G4-EC4	Financial assistance received from the government	Finance
MARKET PRESENCE		
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	Community Impact
INDIRECT ECONOMIC IMPACTS		
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Community Impact
PROCUREMENT PRACTICES		
G4-EC9	Proportion of spending on local suppliers at significant locations of operations	Community Impact, Supply Chain
MATERIALS		
G4-EN1	Materials used by weight or volume	Materials, Supplies, Packaging
G4-EN2	Percentage of materials used that are recycled input materials	Materials, Supplies
ENERGY		
G4-EN3	Energy consumption within the organization	Energy Consumption
G4-EN6	Reduction of energy consumption	Energy Consumption
G4-EN7	Reductions in energy requirements of products and services	Product Energy
WATER		
G4-EN8	Total water withdrawal by source	Water Management
G4-EN9	Water sources significantly affected by withdrawal of water	Water Management

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G4-EN10	Percentage and total volume of water recycled and reused	Water Management
BIODIVERSITY		
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas of high biodiversity value outside protected areas	Land and Biodiversity
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Land and Biodiversity
G4-EN13	Habitats protected or restored	Land and Biodiversity
G4-EN14	Total number of IUCN Red List Species and National Conservation list species with habitats in areas	Land and Biodiversity
EMISSIONS		
G4-EN15	Direct greenhouse gas (GHG) emissions (SCOPE 1)	Greenhouse Gas Emissions
G4-EN16	Energy indirect greenhouse Gas (GHG) emissions (SCOPE 2)	Greenhouse Gas Emissions
G4-EN17	Other indirect greenhouse gas (GHG) emissions (SCOPE 3)	Greenhouse Gas Emissions
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Greenhouse Gas Emissions
G4-EN20	Emissions of ozone-depleting substances (ODS)	Greenhouse Gas Emissions
G4-EN21	NOX, SOX, and other significant air emissions	Greenhouse Gas Emissions
EFFLUENTS AND WASTE		
G4-EN22	Total water discharge by quality and destination	Water Management
G4-EN23	Total weight of waste by type and disposal method	Waste & Recycling
G4-EN24	Total number and volume of significant spills	Water Management

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G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous under the terms	Waste & Recycling
G4-EN26	Identify, size, protected status, and biodiversity value of water bodies and related habitats of water bodies and related habitats	Water Management
COMPLIANCE		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Environmental Management
TRANSPORT		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Energy Consumption
ENVIRONMENTAL GRIEVANCE MECHANISMS		
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Environmental Management
EMPLOYMENT		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Employee Commitment
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	Benefits
LABOR MANAGEMENT		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Human Rights

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OCCUPATIONAL HEALTH AND SAFETY		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety	Employee Health & Safety
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities by region and gender	Employee Health & Safety
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Employee Health & Safety
G4-LA8	Health and safety topics covered in formal agreements with trade unions	Employee Health & Safety
TRAINING AND EDUCATION		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Training and Education
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Training and Education
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Training and Education
DIVERSITY AND EQUAL OPPORTUNITY		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Employee Commitment
LABOR PRACTICES GRIEVANCES MECHANISM		
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Human Rights

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INVESTMENT		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Finance
G4-HR2	Total hours of employees training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees	Human Rights
NON-DISCRIMINATION		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Human Rights
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these	Human Rights
CHILD LABOR		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Human Rights
FORCED OR COMPULSORY LABOR		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Human Rights
SECURITY PRACTICES		
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Human Rights

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	Descriptions	Information Links
INDIGENOUS RIGHTS		
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Human Rights
ASSESSMENTS		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Human Rights
HUMAN RIGHTS GRIEVANCE MECHANISMS		
G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanism	Human Rights
LOCAL COMMUNITIES		
G4-SO2	Operations with significant actual and potential negative impacts on local communities	Community Impact
ANTI-CORRUPTION		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the number and percentage of operations assessed for risks related to corruption and the significant risks identified	Transparency & Ethics
G4-SO4	Communication and training on anti-corruption policies and procedures	Transparency & Ethics
PUBLIC POLICY		
G4-SO6	Total value of political contributions by country and recipient/ beneficiary	Contributions & Initiatives
ANTI-COMPETITIVE BEHAVIOR		
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Transparency & Ethics

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	Descriptions	Information Links
COMPLIANCE		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Transparency & Ethics
CUSTOMER HEALTH AND SAFETY		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Product Health & Safety
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning	Product Health & Safety
PRODUCT AND SERVICE LABELING		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Product Health & Safety
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by types of outcomes	Product Health & Safety
MARKETING COMMUNICATION		
G4-PR6	Sale of banned or disputed products	Product Health & Safety
G4-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	Marketing Communications
CUSTOMER PRIVACY		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Security & Privacy

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	Descriptions	Information Links
PRODUCT COMPLIANCE		

G4-PR9

Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

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UN Global Compact Index

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. Lexmark International is committed to the principles of the UN Global Compact. Below is an index of our reporting against the UN Global Compact principles within the content of this 2014 performance update of our Corporate Social Responsibility Report.

Principle Number	Description	Report Section / Links
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

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Principle Number	Description	Report Section / Links
7	Support a precautionary approach to environmental challenges	CSR Policies & Leadership CSR Policy Environmental & Social Justice Policy Environmental Health & Safety Policy Climate Change Policy
8	Undertake initiatives to promote greater environmental responsibility	Energy Consumption Greenhouse Gas Emissions Water Management Waste & Recycling 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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ISO 26000

Subjects	Issues	References
6.2 Organizational governance		
		CEO Statement, Company Profile, Risks and Opportunities, 10-K, Proxy
6.3 Human rights		
6.3.3	Due diligence	Human Rights, Supply Chain
6.3.4	Human rights risk situations	Human Rights
6.3.5	Avoidance of complicity	Human Rights
6.3.6	Resolving grievances	Human Rights
6.3.7	Discrimination and vulnerable groups	Human Rights, Human Rights Policy
6.3.8	Civil and political rights	Human Rights
6.3.9	Economic, social and cultural rights	Human Rights
6.3.10	Fundamental principles and rights at work	Human Rights
6.4 Labour practices		
6.4.3	Employment and employment relationships	Human Rights, Commitment to Employees, Benefits and Compensation, Supply Chain
6.4.4	Conditions of work and social protection	Human Rights, Benefits and Compensation
6.4.5	Social dialogue	Human Rights
6.4.6	Health and safety at work	Health and Safety, Benefits and Compensation
6.4.7	Human development and training in the workplace	Training and Education

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Subjects	Issues	References
6.5 The environment		
6.5.3	Prevention of pollution	Greenhouse Gas Emissions, Water Management, Waste and Recycling, Land and Biodiversity
6.5.4	Sustainable resource use	Materials, Energy Consumption, Product Lifecycle, Supplies, Waste & Recycling, Water Management, Packaging
6.5.5	Climate change mitigation and adaptation	Greenhouse Gas Emissions, Risks, Opportunities and Impacts
6.5.6	Protection of the environment, biodiversity and restoration of natural habitats	Land and Biodiversity, Water Management
6.6 Fair operating practices		
6.6.3	Anti-corruption	Transparency and Ethics
6.6.4	Responsible political involvement	Contributions and Initiatives
6.6.5	Fair competition	Transparency and Ethics
6.6.6	Promoting social responsibility in the value chain	Community Impact, Supply Chain, Materials, Packaging, Energy Consumption, Human Rights
6.6.7	Respect for property rights	Transparency and Ethics, Human Rights, Community Impact
6.7 Consumer issues		
6.7.3	Fair marketing, factual and unbiased information and fair contractual practices	Product Safety, Marketing Communications
6.7.4	Protecting consumers' health and safety	Product Safety, Customer Understanding
6.7.5	Sustainable consumption	Product Safety, Packaging, Waste and Recycling, Materials
6.7.6	Consumer service, support, and complaint and dispute resolution	Product Safety, Customer Understanding, Marketing Communications
6.7.7	Consumer data protection and privacy	Security and Privacy

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Subjects	Issues	References
6.7.8	Access to essential services	Community Impact, Customer Understanding
6.7.9	Education and awareness	Product Safety, Customer Understanding, Marketing Communications
6.8 Community involvement and development		
6.8.3	Community involvement	Community Impact, Land and Biodiversity, Benefits and Compensation, Contributions and Initiatives, Volunteerism
6.8.4	Education and culture	Training and Education, Benefits and Compensation, Community Impact
6.8.5	Employment creation and skills development	Training and Education, Community Impact
6.8.6	Technology development and access	Community Impact, Transparency and Ethics, Finance and Economics, Contributions and Initiatives
6.8.7	Wealth and income creation	Benefits and Compensation
6.8.8	Health	Benefits and Compensation
6.8.9	Social investment	Finance and Economics, Community Impact, Contributions and Initiatives

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