



2011 Corporate Social Responsibility Report

A MESSAGE FROM PAUL ROOKE

Lexmark's Chairman and Chief Executive Officer talks about the importance of corporate social responsibility to Lexmark.

[Learn More](#)



HIGHLIGHTS



Lexmark's CSR progress

Lexmark's most material and critical areas of CSR performance are presented in a Key Performance Indicator (KPI) table. Learn more about our strategic goals, targets and the progress we've made this year.

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Economic highlights

Learn more about Lexmark's addition to the Dow Jones Sustainability World Enlarged Index, one of the most recognized sustainability benchmarks for investors around the globe.

[Read More](#)



Social highlights

Explore how Lexmark is committed to developing products that are designed with input from customers with a variety of abilities to provide a better user experience and to increase product accessibility for everyone.

[Read More](#)



Environmental highlights

Learn how we're improving the energy efficiency of our product offerings and about the recognition we've received from well-known, independent industry experts.

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OVERVIEW

Sustainability has become one of those meaningful issues that periodically emerge that cannot be dismissed as merely a trend.

Government agencies, businesses and individuals alike have embraced the concept in a much broader sense than merely an economic one. Sustainability must be integrated into human rights, societal issues and perhaps most important, the environment. It is a generational issue — perhaps the major issue of our time.

At Lexmark, we operate our business in a manner that results in a better world from both a humanitarian and an ecological perspective. We build products that positively impact all the people our company touches and all those who touch our products. From the first glint of an idea, to a product's end of life; from our employees and their families, to our neighbors; from our suppliers to our shareholders; from our political governments, to their citizens.

We believe that accessible and regular documentation of our efforts to be a responsible corporate citizen is critical to improvement in our sustainability efforts. We are committed to transparency in running our business as well as in the reporting of environmental and social progress. This report addresses 100 percent of all GRI indicators including environmental, product, finance and economics, society, human rights and labor.

We have identified five components of sustainability that, in particular, have substantial materiality to our operations and this report is segmented by those components. Measuring progress against and in the context of goals and objectives is an integral part of Lexmark's management approach.

Lexmark is committed to honest exchanges and believes that exploration and dialogue relative to these issues will result in advancing our efforts. We want to engage our stakeholders on every level and we realize their input is relevant and beneficial. In support of this objective, this year we have changed our Corporate Social Responsibility report from a view-only PDF document to one of considerable interactivity.

In essence, we are all stakeholders in each other. Constructive feedback is an important tool to help us enhance our sustainability. Click [here](#) to contact us.

HIGHLIGHTS



Key Performance Indicators

Key Performance Indicators, also known as KPI, help an organization define and measure progress toward organizational goals.

[View KPIs](#)



Lexmark's global presence

A map of Lexmark's global operations with information on each location.

[View Map](#)



Letter from Paul Rooke

An introduction to our sustainability report by Lexmark's CEO.

[Read Letter](#)



Operations, Product and Community Awards

Lexmark product excellence, social awareness and environmental sensitivity are recognized.

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CEO LETTER

Dear Friends,

At Lexmark, the way we conduct our business is as important as the quality of our products, solutions and services. We are a socially responsible company in our global community. We strive to maintain best practices for sustainability - balancing economic, environmental and social concerns. We are committed to being a company with a strong respect for human rights, safe work conditions, and environmentally sound business practices, for our own organization and those with whom we partner.

In a struggling economy, why is sustainability still so important to us? Because its core tenets remain constant: balancing the goals of a thriving corporation, protection for the environment and its resources and social responsibility. Together, they lead to an improved quality of life for future generations and ourselves, and make Lexmark more efficient, environmentally responsible and competitive.

Compiling this Corporate Social Responsibility (CSR) report is an opportunity for us to reflect on the successes and challenges of the past year as we pursued this vision, and to share our goals for the future of economic, social and environmental sustainability.

- For the second consecutive year, we reached a high degree of transparency by addressing 100 percent of the Global Reporting Initiative (GRI) performance indicator topics.
- Lexmark was selected for inclusion in the Dow Jones Sustainability World Enlarged Index (DJSI World Enlarged) and recognized as a Sustainability Leader in the 2012 Sustainability Yearbook.
- Our product line was enhanced with new socially and environmentally beneficial hardware and software solutions. We recently released two phenomenal accessibility solutions that help users with limited sight be more independent and productive in the workplace: the Lexmark Speech Solution and the award-winning Lexmark Accessibility Solution. We also announced cutting-edge products that offer our customers superior energy savings, including our new Office Edge business inkjet and C740/X740 Series color laser printers and MFPs.
- For the second year in a row, Corporate Responsibility (CR) Magazine listed Lexmark as one of the 100 Best Corporate Citizens. This list is recognized as one of the top corporate responsibility rankings, analyzing corporate performance in categories that include environmental impact, governance, human rights and employee relations.
- In September, I was deeply honored to accept, on behalf of Lexmark and its employees, the Responsible CEO of the Year award from CR Magazine. Corporate social responsibility is everybody's job at Lexmark, so we were all pleased that our CSR efforts were recognized. I'm an extremely fortunate CEO to have a dedicated and forward-thinking social responsibility team that's more than 13,000 employees strong.

While these successes validate the strength of our CSR program, we recognize that there is always more that can be done. Going forward, we will continue to support the United Nations Global Compact (UNGC) and will conduct business in a manner that is sensitive to societal and environmental issues that align with the principles of that compact. We will remain diligent in maintaining a leadership position in our sustainability efforts. We will also strive for continuous improvement, consistent with the strategy we pursue throughout our business.

It is my pleasure to present Lexmark's 2011 Corporate Social Responsibility report.

Sincerely,



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



ENVIRONMENTAL AND SOCIAL JUSTICE POLICY

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

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

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

We invite you to view more specific and detailed statements of Lexmark's commitments to environmental protection and social responsibility by utilizing the links at the end of this page. The fundamental principles of the policy, however, are these.

1. Lexmark is committed to acting as a socially responsible company in our global community. This means that we will fully comply with both the letter and the spirit of the laws, rules and regulations of the countries and communities in which we operate.
2. Our operations include high standards of environmental performance to minimize environmental impacts. We will continually monitor those standards to seek ongoing improvement.
3. As we modify, develop or acquire facilities, we will incorporate environmental justice issues into those processes. We will continually strive to minimize our environmental footprint where we operate.
4. We maintain open and transparent communications with all stakeholders in our operations, including stockholders, customers, employees and governments so that they may contribute to our environmental justice success.
5. We respect the human rights and dignity of our employees, offering safe working conditions and environmentally sound business practices. We recognize the critical importance of standards regarding freely chosen employment, child labor, discrimination, harsh or inhumane treatment, minimum wages, working hours, and freedom of association. We expect our business partners to do the same.
6. We strive to understand and respect the cultural values wherever we operate. Lexmark will be a good corporate citizen and a good neighbor.
7. We operate under a clear and strong code of ethics at every level of the company. All employees are expected to understand how they are to conduct business.
8. At Lexmark, diversity reflects our commitment as a company and as individuals to embrace and apply the wealth of backgrounds, nationalities, cultures, experiences and viewpoints of our employees, customers, suppliers and business partners in pursuit of customer satisfaction and business success.

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



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

HIGHLIGHTS



Environmental Health and Safety Policy



Corporate Social Responsibility Policy



Supplier Code of Conduct



Climate Change Policies and Programs

CORPORATE SOCIAL RESPONSIBILITY POLICY

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

Lexmark is committed to acting as a socially responsible company in our global community. This means that we will fully comply with the laws, rules and regulations of the countries in which we operate. It also means that we will go further by continually evaluating our business practices using the principle of sustainability.

At the heart of sustainability lies the desire to maintain a balance between the economic, environmental and social needs of our world today without compromising the opportunities of future generations. We want Lexmark to always be associated with a respect for human rights, safe work conditions, and environmentally sound business practices, for our own organization and those with whom we partner.

Acting as pillars in our overall commitment to social responsibility are the following areas of focus:

COMMUNITY INVOLVEMENT

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

CORPORATE GOVERNANCE AND ETHICS

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

DIVERSITY

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

ENVIRONMENTAL RESPONSIBILITY

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

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

HEALTH & SAFETY

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

HUMAN RIGHTS AND LABOR STANDARDS

Lexmark is committed to upholding the human rights of workers and to treating them with dignity and respect as understood by the international community. The company's commitment includes adhering to and recognizing the critical importance of standards regarding freely chosen employment, child labor, discrimination, harsh or inhumane treatment, minimum wages, working hours, and freedom of association.

SUPPLIER REQUIREMENTS

Lexmark works with our suppliers to help them treat their workers and employees fairly and with dignity and respect, maintain safe working conditions, and conduct manufacturing activities in an environmentally safe and responsible manner. This statement and the principles upon which it is based were developed with guidance from many sources, including but not limited to the Global Reporting Initiative's Sustainability Reporting Guidelines, the Electronic Industry Code of Conduct, and the U.N. Global Compact.

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

CONTINUING EDUCATION AND CAREER ADVANCEMENT



Lexmark encourages professional and personal growth for each employee and supports continued education as a way to help employees become more effective in their current positions and develop skill sets for future positions. Development opportunities are based on employees’ development plans that highlight their career goals, interests, strengths and development areas, both short term and long term. Employees are encouraged to find a mentor, in addition to utilizing their manager, to provide guidance and support to their growth efforts.

Continuing education opportunities include a tuition reimbursement program. The requirements and benefits vary by location, but provide 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 ability.

Internal learning opportunities include extensive training in technical and business skills delivered both at the corporate level and through resources within various business areas. Learning occurs through instructor-lead courses and 24/7 via iLearn, Lexmark’s worldwide online learning platform, which offers extensive libraries, including proprietary offerings. At the corporate level, leadership training and participation in such company-wide development programs as operational excellence and change management are offered.

All employees are required to complete the "Code of Conduct," "IT Security" as well as various required learning courses based on location every year. Additional examples of course offerings include Global Teamwork courses to help employees understand and work more cohesively together in an international environment as well as on boarding, and open enrollment sessions to learn more about the business. In the U.S, new managers are required to attend at least 24 hours of training with similar programs being offered worldwide.

Lexmark’s 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 resumés for their benefit as well as Lexmark’s. Approval is based on the relevance of the study program to Lexmark’s goals and interests, academic and work records and the business needs at the time of the proposed Educational Leave. The duration of an Educational Leave depends on the time required to complete the approved course of study, but is typically no more than four years.

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

2011 CONTINUING EDUCATION TRAINING

EMPLOYEE CATEGORY*	NUMBER OF EMPLOYEES	X AVERAGE TRAINING HOURS	= TOTAL HOURS (ESTIMATED)
Executive Vice President	59	25	1,475
Director	188	40	7,520
Manager	1,129	40	45,160
Individual Contributor	11,867	40	474,680

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

**Lexmark senior management includes Directors and Executive Vice Presidents.*

RISKS, OPPORTUNITIES AND IMPACTS

IMPACTS

Lexmark’s social and environmental impacts are broken down into three focus areas and are addressed by corresponding initiatives – Product Initiatives, Operational Initiatives and Community Initiatives:

- Product Initiatives include all products and processes we develop to help our customers reduce their environmental footprint and meet the accessibility needs of their workforce.
- Operational initiatives include all the things we do to reduce our own environmental footprint at Lexmark facilities and make Lexmark a better employer and business partner through commitments to human rights and fair labor practices.
- Community initiatives include all the things we do to environmentally and socially improve the communities in which we live and work.



Legal compliance in these areas is priority one at Lexmark. We make sure that we are within legal standards wherever we have operations, after which, we balance and prioritize our approach by addressing what needs to be done to best meet the needs of all stakeholders as completely as possible.

RISKS AND OPPORTUNITIES

Corporate social responsibility trends have led imaging organizations, including Lexmark to evaluate the potential of physical risks and regulatory possibilities for our business as well as to consider potential opportunities to enhance and capitalize on our product offerings thereby helping our customers achieve their environmental sustainability and social responsibility goals.

ENVIRONMENTAL AND REGULATORY MATTERS AND WASTE OBLIGATION

Lexmark's operations are subject to numerous laws and regulations, particularly relating to environmental matters that impose limitations on the discharge of pollutants and establish standards for the treatment, storage and disposal of solid and hazardous wastes. For further information on the impacts of these regulatory matters, please refer to Lexmark's [Form 10-K](#).

WASTE OBLIGATION

Waste Electrical and Electronic Equipment ("WEEE") Directives issued by the European Union require producers of electrical and electronic goods to be financially responsible for specified collection, recycling, treatment and disposal of past and future covered products. The Company's estimated liability for these costs involves a number of uncertainties and takes into account certain assumptions and judgments including average collection costs, return rates and product lives. Should actual costs and activities differ from the Company's estimates, revisions to the estimated liability may be required.

CLIMATE CHANGE

The potential 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 have the potential to impact all businesses. Regulations requiring reductions in energy usage will motivate consumers and businesses to replace wasteful equipment with energy-efficient products. Lexmark recognizes that cutting energy use 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 gas emissions within Lexmark’s own operations and those of our customers.

OPERATIONAL RISKS

Climate change and associated weather disruptions have the potential to 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. The occurrence of any of these business disruptions could adversely affect our revenue and financial condition and increase our costs and expenses. As Lexmark continues to consolidate certain functions into shared service centers and moves other functions to countries with lower-cost labor, the probability and impact of business disruptions may increase over time. Lexmark has a business continuity plan in place at each site that faces risks due to climate change.

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.

CORPORATE GOVERNANCE

Please refer to the Company's Form 10-K for expanded information with reference to governance.
[Form 10-K](#)

REPORT PARAMETERS

Lexmark’s CSR Report is global in scope and covers major operations, manufacturing and research and development facilities in the Americas, Europe and Asia for the full year ending December 31, 2011, unless otherwise noted. The basis for reporting on other matters specific to the operations of our business, including joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can affect comparability from period to period, can be found in Lexmark’s Annual Report on [Form 10-K](#), which is filed with the Securities and Exchange Commission (SEC). We intend to continue to publish an annual CSR Report. If you have questions regarding this report or any of its contents, please [contact us here](#).

REPORT SCOPE AND BOUNDARY

At the heart of Lexmark’s sustainability efforts lies our desire to maintain a balance between the economic, environmental and social needs of the world today without compromising the opportunities of future generations. We understand that this commitment to sustainable principles requires continual, diligent evaluation of our business practices in light of our aspirations. The scope of this report includes the following social responsibility areas.

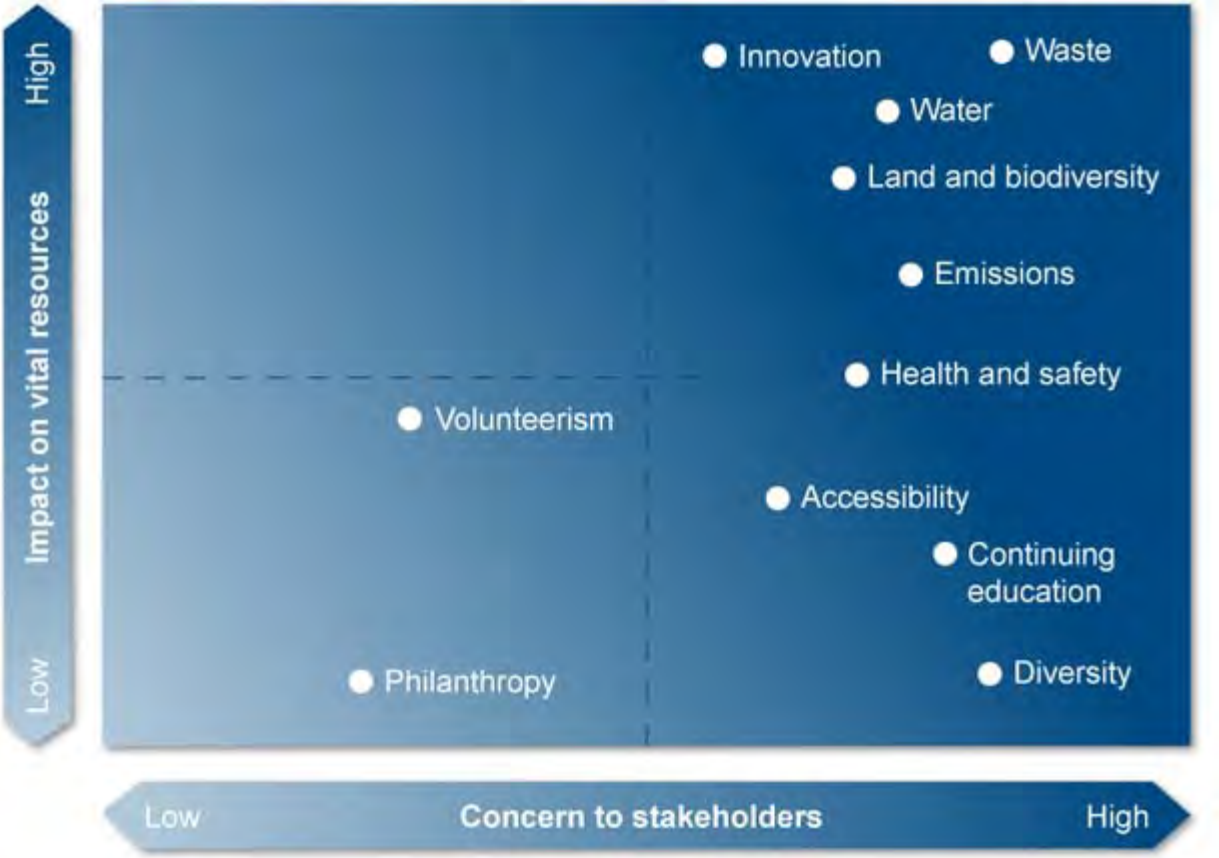
- Community involvement
- Corporate governance and ethics
- Diversity
- Environmental responsibility
- Health and safety
- Human rights and labor standards
- Supplier requirements

This report is designed to address the disclosure needs of our stakeholders by providing data on the significant CSR issues and the effects of those issues on our business processes and performance. To help ensure that our reporting efforts are productive, we have identified and reported on the issues we believe to be the most relevant, useful and timely.

MATERIALITY

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

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



REPORT ASSURANCE

The CSR reporting process itself continues to give us an ever clearer picture of how we can strengthen the report and make it more meaningful. We are applying lessons learned and instituting procedures to improve future reports. We have chosen not to seek external assurance for this report but will continue to evaluate assurance options as we go forward.

GRI GUIDELINES

We considered the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3) when preparing this report.



This report addresses 100 percent of all GRI indicator

topics including environmental, product, finance & economics, society, human rights and labor. Lexmark self-declares this report to GRI Application Level A. [View the GRI/UNGC Index](#)

PREVIOUS CSR REPORTS

Since Lexmark began CSR reporting, no restatements have been made.

Please click on the links below to download and view previous Lexmark CSR reports.

[2010 CSR Report](#)

[2009 CSR Report](#)

[2008 CSR Report](#)

[2007 Environmental Sustainability Report](#)

GOVERNANCE AND EXTERNAL ENGAGEMENT

CORPORATE GOVERNANCE

Lexmark is governed by a 12-member Board of Directors, consisting of one executive and 11 independent, non-executive directors. The Board is chaired by CEO, Paul Rooke. Please refer to the Company's [Form 10-K](#) for expanded information with reference to governance. Additional information related to the Board composition, qualifications and performance evaluation and compensation linkage is available on our [Corporate Governance Web page](#).

BOARD OF DIRECTORS STRUCTURE

The Lexmark Board of Directors regularly reviews the Company's corporate governance practices including Lexmark's current classified Board of Director's structure. There are valid arguments in favor of and in opposition to a classified board structure. After careful consideration, including valuable shareholder input, the Board determined that it would be in the best interests of the Company and stockholders to declassify the Board which, when fully implemented, will allow the stockholders to vote on the election of the entire Board each year, rather than on a staggered basis as with the current classified board structure. To implement this change, stockholders will need to approve an amendment to the Lexmark's Restated Certificate of Incorporation. This vote to declassify the Board of Directors will be proposed by the Board at the next Annual Meeting of Stockholders. The Board of Directors urges the Company's stockholders to vote in favor of approving an amendment to Lexmark's Restated Certificate of Incorporation to declassify the Board and allow for the annual election of directors.

COMMITMENTS TO EXTERNAL ENGAGEMENT

Lexmark engages in public policy and standards development through our involvement in industry coalitions and trade associations at the local, state, federal and international level. The Information Technology Industry Council (ITI), ITI Environmental Leadership Council, DIGITAL EUROPE, the Greater Lexington Chamber of Commerce, the U.S. Information Technology Office, the National Chamber of Commerce, Australian Information Industry Association (AIIA), Business Imaging Association of Australia (BIAA), Information Technology Association of Canada (ITAC), American National Standards Institute (ANSI), Ecma International, Association Connecting Electronics Industries, Bundesverband Informationswirtschaft Telekommunikation (BITKOM), European Imaging Association (EURIMAG) and Deutsches Institut für Normung (DIN) are a few of the organizations with which we engage.

Lexmark is active in these groups because we want to participate in the industry and public policy discussions led by these organizations and take advantage of those collective resources. We engage with these groups in meetings and by participating in and leading committees, conference calls and electronic communications.

TRANSPARENCY AND ETHICS

ETHICAL BUSINESS PRACTICES

We believe that ethical behavior is critical to Lexmark's vision, "Customers For Life." All Lexmark business units are regularly analyzed for risks related to corruption. The Company has designed and adopted employee and supplier codes of conduct that help to mitigate these risks. A formal risk assessment focused on corruption is included in Lexmark's audit plan. The audit plan is reviewed and approved by the Finance and Audit Committee of Lexmark's Board of Directors on an annual basis.

All allegations of employee corruption/fraud are thoroughly investigated by the appropriate business unit, in collaboration with Human Resources, Internal Audit and Lexmark's 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 Lexmark's zero tolerance policy toward bribery and corruption, Lexmark decided to dismiss certain employees during the reporting period based on non-systemic, personal-level incidents of fraud or dishonesty.

Lexmark's zero tolerance policy towards bribery and corruption also applies to Lexmark business partners. Lexmark will terminate 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 Lexmark's Board of Directors. No legal cases regarding corrupt practices were brought against the company or its employees during 2011.

All Lexmark business units are regularly analyzed for risks related to corruption. Corruption risk factors are considered in the formation of Lexmark's Internal Audit plan which is reviewed by the Finance and Audit Committee of Lexmark's Board of Directors on an annual basis. Lexmark has designed and adopted employee and supplier codes of conduct that help to mitigate the risk of corruption.

All Lexmark employees are expected to adhere to the policies set forth in Lexmark's Code of Business Conduct. The code addresses a variety of business ethics issues including anti-corruption and bribery. All Lexmark International Inc. employees - including executive management - are required to annually review and certify understanding of Lexmark's Code of Conduct. In the interest of further mitigating such risks, Lexmark is developing targeted training courses to educate select employee groups about risks of corruption specific to their job function. These targeted anti-corruption and anti-bribery training courses will be rolled out to employees worldwide in 2012. All suppliers are expected to adhere to the Lexmark supplier code of conduct. Lexmark has adopted the Electronic Industry Code of Conduct as its supplier code of conduct. This code addresses a variety of issues including corruption. For more information on Lexmark's adoption of the Electronics Industry Code of Conduct, please visit the supplier section of this report.

All Lexmark employees are expected to adhere to the policies set forth in our Code of Business Conduct that addresses a variety of business ethics issues including anti-corruption and bribery policies. All Lexmark regular (both full-time and part-time) employees are required to annually review and certify understanding of Lexmark's Code of Conduct. The Code covers the following topics: personal conduct, conflicts of interest, accounting records, internal controls and audits, complying with laws and regulations, supplier relationships, customer relationships, information concerning others and corporate social responsibility. All employees are required to verify compliance on an annual basis. In 2011, 100 percent of Lexmark International Inc. regular employees worldwide (including managers and non-management employees) reviewed the Code of Conduct and verified the receipt and understanding of the code.

The status of this annual review process is tracked by Lexmark's Human Resources Department on an annual basis and is reported to the Lexmark Ethics Committee and the Corporate Governance Committee of the Board of Directors. All modifications to the Code of Business Conduct are reviewed by the Ethics Committee prior to any updates.

Lexmark has established programs, policies and procedures that ensure the effective implementation of Lexmark's Code of Business Conduct.

- **Education Program:** All Lexmark employees are required to reaffirm their understanding of the Business Code of Conduct through an annual online training module.
- **Gift and Gratuity Policy:** Lexmark's 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 U.S. dollars). Cash gifts of any kind are prohibited.
- **Ethics Hotline:** Lexmark's Ethics Line 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 may be occurring. A third-party provider operates the Ethics Line. The third-party providers of the telephone lines are prohibited from providing a caller's identity to Lexmark without the caller's permission. Calls are reported to Lexmark for investigation and review by Lexmark senior management.
- **Contact Line for the Finance and Audit Committee of the Board of Directors:** Lexmark's Contact Line for the Finance and Audit Committee of the Board of Directors (Contact Line) is a 24-hour, international toll-free telephone number that allows employees to anonymously raise concerns such as questionable accounting or auditing matters or possible unethical or illegal conduct to the Finance and Audit Committee of the Board of Directors. A third-party provider operates the Contact Line. The third-party providers of the telephone lines are prohibited from providing a caller's identity to Lexmark without the caller's permission. Call information is forwarded to the Finance and Audit Committee for review and further investigation.
- **Enforcement Policy:** Any officer, director, employee, agent or stockholder acting on behalf of Lexmark who violates the code may be subject to substantial government fines and/or imprisonment in addition to Lexmark disciplinary action including termination.
- **Transparency:** Lexmark publicly reports on breaches of the Business Code of Conduct that impact investors.

Lexmark and our suppliers also adhere to the Electronics Industry Code of Conduct, an industry specific code that addresses a variety of ethical issues including corruption, bribery, transparency, intellectual property, fair business practices and whistleblower protection.

ANTI-COMPETITIVE BEHAVIOR

Lexmark supports efforts to preserve and foster fair and honest competition within 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 not a defendant in any anti-competitive behavior lawsuit during the reporting period. Please refer to [Lexmark's 10-K](#) for additional information on this topic.

MONETARY FINES

As a result of Lexmark's commitment to ethical business practices, Lexmark has not been subject to any significant fines or non-monetary sanctions for non-compliance with laws and regulations related to accounting fraud, workplace discrimination or corruption during this reporting period.


VISIONS AND VALUES


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


ETHICSPPOINT


The Ethics Line is a reporting structure designed for you to ask questions regarding the Code of Conduct or to report something improper that you believe has occurred or may be occurring. View the EthicsPoint website. [Click here](#)


Key Performance Indicators


MATERIALS	IMPACT AREA: MATERIALS														MATERIAL CONSERVATION	CLIMATE CHANGE	WATER	WASTE	ENERGY	LOCAL COMMUNITIES	EMPLOYEE ENGAGEMENT	SUPPLIERS
	<p>Objective: Reduce overall use of virgin materials in products</p> <p>Target: Increase post-consumer recycled content in supplies, hardware and packaging</p> <p>2011 Progress: Lexmark expanded its utilization of post-consumer recycled plastics in the manufacture of cartridges, hardware and packaging.</p> <p>Read More</p>																					
																						
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MATERIALS	IMPACT AREA: MATERIAL CONSERVATION														MATERIAL CONSERVATION	CLIMATE CHANGE	WATER	WASTE	ENERGY	LOCAL COMMUNITIES	EMPLOYEE ENGAGEMENT	SUPPLIERS
	<p>Objective: Recover hardware and reduce waste associated with our products</p> <p>Target: Achieve a 30 percent increase in hardware collection and recycling (2007-2014)</p> <p>2011 Progress: Lexmark recycled more than 5,500 metric tons of electronic waste in the United States, Canada and Europe in 2011.</p> <p>Read More</p>																					
																						
01	02															03	04	05	06	07	08	09


MATERIALS	IMPACT AREA: CLIMATE CHANGE														MATERIAL CONSERVATION	CLIMATE CHANGE	WATER	WASTE	ENERGY	LOCAL COMMUNITIES	EMPLOYEE ENGAGEMENT	SUPPLIERS
	<p>Objective: Reduce greenhouse gas emissions</p> <p>Target: Reduce greenhouse gas emissions by 20 percent (2005-2017)</p> <p>2011 Progress: Lexmark reduced its total greenhouse gas emissions by 29 percent from 2005 to 2011.</p> <p>Read More</p>																					
																						
01	02	03															04	05	06	07	08	09


MATERIALS	IMPACT AREA: WATER														MATERIAL CONSERVATION	CLIMATE CHANGE	WATER	WASTE	ENERGY	LOCAL COMMUNITIES	EMPLOYEE ENGAGEMENT	SUPPLIERS
	<p>Objective: Conserve and reuse water</p> <p>Target: Reduce water usage 20 percent (2005-2017)</p> <p>2011 Progress: Lexmark achieved a 39 percent reduction in water usage versus baseline year 2005.</p> <hr/> <p>Target: Complete Lexmark's six point water conservation plan by the end of 2017</p> <p>2011 Progress: Lexmark has addressed all points of this water conservation plan. Please refer to this chart in the water usage section of this report.</p>																					
																						
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MATERIALS	IMPACT AREA: WASTE														MATERIAL CONSERVATION	CLIMATE CHANGE	WATER	WASTE	ENERGY	LOCAL COMMUNITIES	EMPLOYEE ENGAGEMENT	SUPPLIERS
	<p>Objective: Minimize waste</p> <p>Target: Achieve a 20 percent reduction in waste generated (2007-2017)</p> <p>2011 Progress: Lexmark has exceeded this goal with a hazardous waste reduction of 61 percent in 2011.</p> <hr/> <p>Target: Achieve a 25 percent improvement in the amount of waste that our plants currently recycle (2007-2011)</p> <p>2011 Progress: Lexmark has achieved a 24 percent improvement in the recycled waste volume. (2007-2011).</p> <hr/> <p>Target: Achieve a 30 percent increase in hardware collection and recycling (2007-2011)</p> <p>2011 Progress: Lexmark has increased its hardware collection rate by 48 percent from 2010 to 2011 and will continue to work toward the 2014 goal.</p> <p>Read More</p>																					
																						
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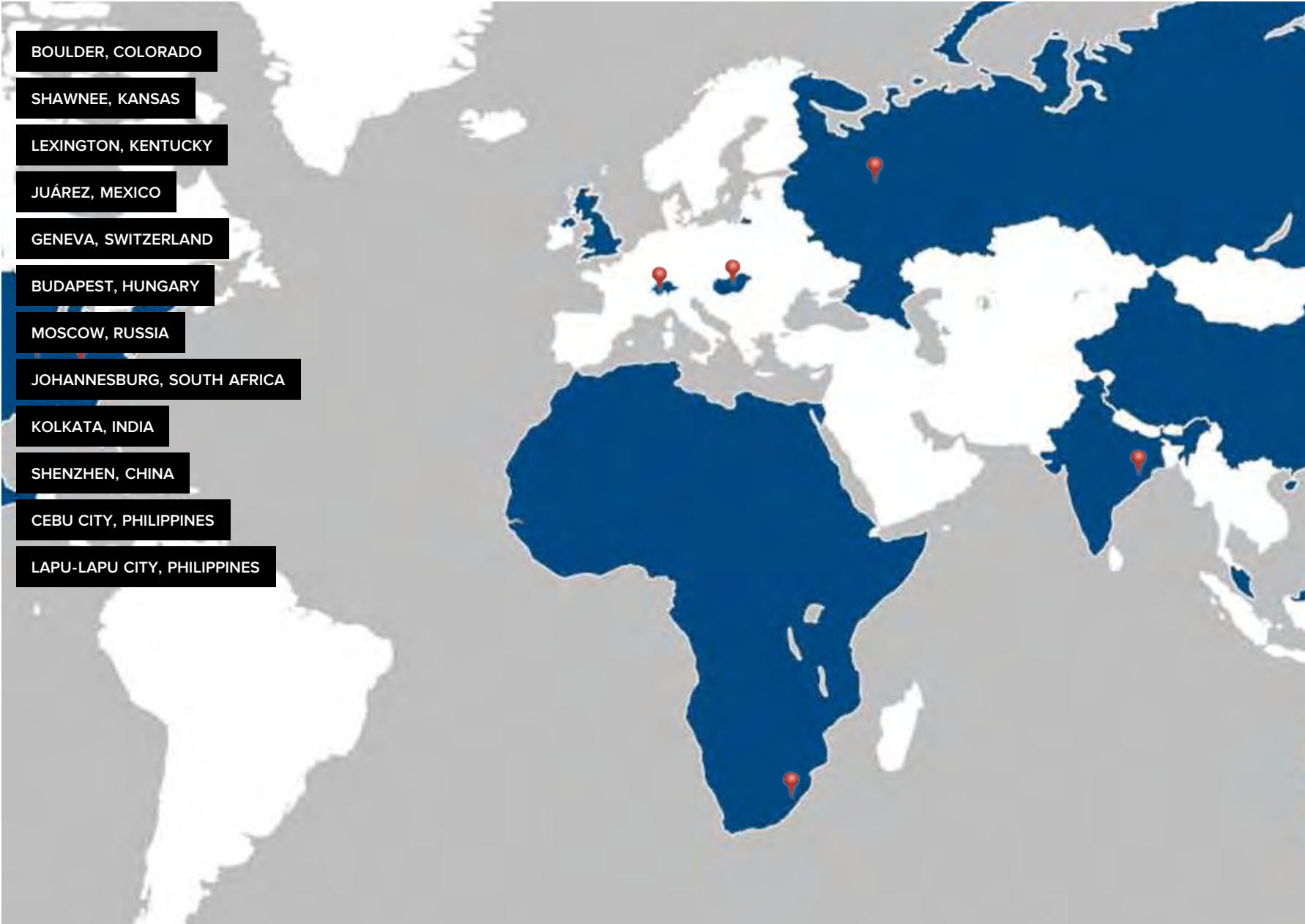
MATERIALS	IMPACT AREA: ENERGY														MATERIAL CONSERVATION	CLIMATE CHANGE	WATER	WASTE	ENERGY	LOCAL COMMUNITIES	EMPLOYEE ENGAGEMENT	SUPPLIERS
	<p>Objective: Conserve energy (reduce use of fossil fuels)</p> <p>Target: Achieve a 20 percent reduction in electricity consumption for headquarters, manufacturing and development (2005-2017)</p> <p>2011 Progress: Lexmark's use of indirect energy decreased by 20 percent from 2005 to 2011. This decrease is a result of more energy-efficient operations, reductions in facility space and reductions in production.</p> <p>Read More</p>																					
																						
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MATERIALS	IMPACT AREA: LOCAL COMMUNITIES														MATERIAL CONSERVATION	CLIMATE CHANGE	WATER	WASTE	ENERGY	LOCAL COMMUNITIES	EMPLOYEE ENGAGEMENT	SUPPLIERS
	<p>Objective: Reduce environmental footprint in local communities</p> <p>Target: Participate in at least one community environmental program, preferably a watershed protection or reforestation project, per location per year</p> <p>2011 Progress: Lexmark owned or leased manufacturing and research and development facilities participated in multiple environmental outreach activities.</p> <p>Read More</p>																					
																						
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MATERIALS	IMPACT AREA: EMPLOYEE ENGAGEMENT														MATERIAL CONSERVATION	CLIMATE CHANGE	WATER	WASTE	ENERGY	LOCAL COMMUNITIES	EMPLOYEE ENGAGEMENT	SUPPLIERS
	<p>Objective: Increase participation in community volunteer efforts</p> <p>Target: Company employees have committed to 20 years worth – or 175,200 hours – of volunteer service in 2011</p> <p>2011 Progress: Lexmark achieved 80% of the volunteer service goal and will continue to work towards achieving this goal in 2012. Please refer to the Commitment to Volunteerism section of this report.</p> <hr/> <p>Objective: Engagement Survey</p> <p>Target: Increase the employee engagement index favorable response from 65 to 69 percent before the next survey</p> <p>2011 Progress: Managers continued to hold engagement ("stay") conversations with employees in 2011 and scored an 84 percent in overall employee engagement in the 2011 Great Places to Work in Kentucky survey.</p> <p>Read More</p>																					
																						
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MATERIALS	IMPACT AREA: SUPPLIERS														MATERIAL CONSERVATION	CLIMATE CHANGE	WATER	WASTE	ENERGY	LOCAL COMMUNITIES	EMPLOYEE ENGAGEMENT	SUPPLIERS
	<p>Objective: Continued participation in the Carbon Disclosure Project</p> <p>Target: Continued participation in the Carbon Disclosure Project, including Supply Chain Leadership Collaboration (CDP SCLC)</p> <p>2011 Progress: Lexmark continues to participate in the CDP and CDP SCLC.</p> <p>Read More</p>																					
																						
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INTERACTIVE MAP



AWARDS

Year after year, Lexmark product excellence is recognized by trade magazines and industry associations in their respective competitions. Likewise, Lexmark's social awareness and environmental sensitivity is cited by governments and other social entities. Awards from industry experts, conservation groups and trade publications are nice in and of themselves. But moving beyond that they are a validation of the company's efforts and successes in social responsibility. Even more important, these awards will translate into well served customers who will feel like they received a good value when they purchase one of our products and that they will have supported a socially conscious and environmentally minded company.

DOW JONES SUSTAINABILITY INDEX

In 2011, Lexmark was added to the prestigious [Dow Jones Sustainability World Enlarged Index](#) (DJSI World Enlarged). Launched by Dow Jones in 2010, the DJSI World Enlarged tracks the performance of the most sustainable 20 percent of companies of the largest 2,500 companies in the Dow Jones Global Total Stock Market Index. The DJSI is considered the premier sustainability index, valued around the world by investors and customers alike.

PAUL ROOKE NAMED RESPONSIBLE CEO OF THE YEAR

Corporate Responsibility (CR) Magazine named Lexmark Chairman and CEO Paul Rooke as Responsible CEO of the Year in the public company category. Winners were selected based on the scope of their impact on their organization and community, the extent to which they drove key initiatives, and the individual reputation or professional risk taken to achieve significant change.



Lexmark Chairman and CEO Paul Rooke receives the Responsible CEO of the Year award.

100 BEST CORPORATE CITIZENS

In [2011](#) and [2012](#), Lexmark earned a spot on the *Corporate Responsibility (CR) Magazine* again named Lexmark to its "100 Best Corporate Citizens" list. The *100 Best Corporate Citizens* list identifies U.S. publicly traded companies that excel at serving a broad range of stakeholders. The annual survey has gained national recognition as an indicator of best practices in the area of corporate responsibility. Data is collected in seven categories: environment, climate change, employee relations, human rights, governance, finance and philanthropy.

LRDC IS PEZA OUTSTANDING EMPLOYER OF THE YEAR

Lexmark Research and Development Corporation (LRDC) garnered two top awards in 2011 from the Philippine Economic Zone Authority (PEZA). LRDC was honored as 2011 Outstanding Employer of the Year and for 2011 Best in Community Projects, the second year in a row for that award.

LRDC joined three other companies in the category for outstanding employers in the IT sector. The award is given to companies that have generated the most number of jobs and have maintained labor-management harmony. The award is also for companies that provide the best care to their employees.



The outstanding community projects award was in recognition of LRDC's participation in several continuing projects, including:

- **Adopt-A-School program** – training seminars for teachers, tutorial classes for students, mural painting, dental/medical missions
- **Environmental program** – tree and mangrove planting
- **Gawad Kalinga Build program** – building homes for those less fortunate in partnership with the nonprofit, volunteer-based Gawad Kalinga organization, among others.

KENTUCKY EARTH DAY AWARD



Lexmark Sustainability Manager, John Gagel, was the recipient of the 2012 Earth Day Award, presented by the Kentucky Environmental Quality Commission. The award recognizes Mr. Gagel's efforts to protect the environment, particularly his organization of the Cane Run Creek clean up. That waterway had been declared "impaired" due to invasive honeysuckle and accumulated waste.

2011 ACCESS AWARD



The American Foundation for the Blind Announces named Lexmark a 2011 Access Award Winner. Lexmark was recognized for the Lexmark Accessibility Solution. Darren Burton of the AFB congratulated Lexmark for "...taking the initiative to create this access solution in a product category where there are few options for accessibility."

LEXMARK'S GREEN AWARD



The Lexmark Green Award, established in 2009, is a worldwide multi-level program to recognize and encourage responsible sustainability and environmental practices. Customers, resellers, partners, suppliers and employees are all eligible for the award.

In 2011, the award was expanded to recognize specific customer achievements in the areas of paper savings, cartridge returns and energy reductions. Criteria for each category were set, resulting in Bronze, Silver and Gold award levels.

ALFRED P. SLOAN AWARD

In 2011, Lexmark received the When Work Works, Alfred P. Sloan Award for Excellence in Workplace Flexibility. The award recognizes model employers of all types and sizes across the U.S. for their innovative and effective workplace practices. Lexmark's flexible work/life balance programs enhance operational efficiency, promote business goals and enrich the quality of life for employees.

TRUST ACROSS AMERICA

For the second consecutive year, in 2011, Trust Across America named Lexmark to its Top Ten Most Trustworthy Public Companies list. Then, early in 2012, the organization named Lexmark CEO Paul Rooke among the country's Top 100 Thought Leaders in Trustworthy Business Behavior. Almost 3000 public companies were audited in the selection process. Among the criteria for inclusion in both of these lists are financial stability and strength, accounting conservativeness, corporate integrity, transparency, sustainability and long-term reputation preservation.

PRODUCT AWARDS

[Lexmark Product Awards](#)

CORPORATE AWARDS

- [2009 Corporate Awards](#)
- [2010 Corporate Awards](#)
- [2011 Corporate Awards](#)

2011 CORPORATE AWARDS

AWARD
Corporate Responsibility Magazine award to CEO Paul Rooke as Responsible CEO of the Year
Corporate Responsibility Magazine named Lexmark to its “100 Best Corporate Citizens” list
The Alfred P. Sloan Award for Business Excellence in Workplace Flexibility
Anfor Group’s Quality Certification award to Lexmark Italy
Lexmark added to the Dow Jones Sustainability World Enlarged Index
OfficeMax's Technology Vendor of the Year
Lexmark Research and Development Corporation (LRDC) received the 2011 Best in Community Projects from the Philippine Economic Zone Authority (PEZA)

2010 CORPORATE AWARDS

AWARD
Best Places to Work for LGBT Equality, <i>Human Rights Campaign</i> . Click here to learn more.
Norwegian magazine, <i>IT Bransjen</i> , Printer Vendor of the Year
<i>Cannata Report's</i> Dealer Survey, Printer Manufacturer of the Year
Safety Organization of the Philippines Excellence Award for one year without a lost time accident.
Safety Organization of the Philippines Award of Distinction for five million man hours without a lost time accident.
Juárez, award for reuse of packaging materials
Juárez, award for plastic recycling in new product
Award for promoting sustainability in all areas, University of Kentucky
Boulder, Perfect Compliance Award for Industrial Pretreatment Program
Lexington Environmental Commission for stream bank restoration at Shadybrook Park

2009 CORPORATE AWARDS

AWARD
Partner Award of Excellence, Target Corp.
Office Depot's Technology Vendor of the Year

ENVIRONMENT



As a global corporate citizen, Lexmark is sensitive to global ecological issues. We are committed to being a responsible neighbor and employer.

Lexmark has identified three areas in which our company has ecological impacts - customer, operations and community. We have taken substantial and dramatic steps in product recycling, water conservation and reforestation initiatives that move us closer to our goals and aspirations. Implementing good management practices helps us reduce our environmental impact.

Significant financial resources are dedicated to efforts that reduce the environmental impact of our operations and result in the development of environmentally preferable products. Lexmark spends millions of dollars annually on environmentally beneficial facility upgrades, the development of environmentally beneficial technologies and supporting programs that improve the environment where we live and work.

Utilizing a wealth of talented people and our financial resources, we have become a leader in the area of environmental stewardship, product design and efficient operations.

HIGHLIGHTS



Maplecroft Climate Innovation Index

Lexmark is ranked 15th out of the top 100 companies on the 2012 Maplecroft Climate Innovation Index.

[Visit Maplecroft](#)



Partnerships for sustainability

CSX Corporation is a valued Lexmark customer and a partner in sustainability.

[Read More](#)



Water conservation

Lexmark emphasizes water conservation and encourages water recycling at all Lexmark facilities worldwide.

[Read More](#)



Reducing carbon emissions

Lexmark is committed to reducing its carbon impact through efficient use of energy in products and operations.

[Read More](#)

CORPORATE ENVIRONMENTAL, HEALTH AND SAFETY POLICY

All Lexmark employees are required to know the environmental impacts of their jobs. They are trained in the corporate environmental policy as well as job-specific environmental issues during new-employee training and during annual refresher courses. Training records are managed by on-site Lexmark personnel who confirm that employees maintain the level of training prescribed in their job descriptions.

Lexmark conducts its business in a manner that supports environmental justice. Lexmark’s environmental justice efforts are guided by the principles of the United Nations Global Compact (UNGC) and the Electronics Industry Code of Conduct (EICC). This commitment is reflected in our corporate environmental policy, which states:

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

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

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



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

To view our CSR Policy [click here](#).

ENERGY USE AND GREENHOUSE GAS EMISSIONS

Lexmark has made a commitment to reduce the consumption of natural resources at all our leased and owned manufacturing facilities, research and development facilities and office spaces worldwide. Lexmark tracks greenhouse gas emissions as well as usage of natural gas, fuel oil, diesel, gasoline and electricity using the Greenhouse Gas Protocol methodology. Lexmark has established the following corporate goals to guide our energy-conservation efforts.

LEXMARK'S GOALS

Lexmark established three long-term, waste-management goals for the corporation.

- Reduce greenhouse gas emissions by 20 percent (2005-2017)
- Achieve a 20-percent reduction in electricity consumption for headquarters, manufacturing and development (2005-2017)

LEXMARK'S PROGRESS

While there is still much work to do, Lexmark has made significant progress toward achievement of these goals.

- Reduced total greenhouse gas emissions by 29 percent from 2005 to 2011
- Reduced total annual energy consumption by 16 percent compared to baseline year 2007
- Reduced direct energy consumption by eight percent between 2007 and 2011
- Reduced indirect energy consumption by 20 percent from 2005 to 2011

ENERGY CONSERVATION AT LEXMARK FACILITIES

REDUCING GREENHOUSE GAS EMISSIONS

Lexmark's energy reductions have been largely inspired by the company's desire to reduce greenhouse gas emissions. Cutting energy use is one of the most effective ways to reduce greenhouse gas emissions, a major contributor to climate change.

Lexmark publicly reports greenhouse gas emissions related to the use of direct and indirect energy through the Carbon Disclosure Project. Lexmark calculations of greenhouse gas emissions are based on the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol (GHG Protocol).

The aforementioned efforts to reduce Lexmark's use of direct and indirect energy and travel translate directly into reductions in greenhouse gas emissions. The greenhouse gas emissions chart shows Lexmark's Scope 1 (Direct), Scope 2 (Indirect) and Scope 3 (Other) greenhouse gas emissions for the years 2005 through 2011 in metric tons of CO2 equivalents.

Lexmark reduced its total greenhouse gas emissions by 29 percent from 2005 to 2011. This reduction exceeds Lexmark's voluntary goal for reduction of greenhouse gas emissions. While there was an overall decrease in greenhouse gas emissions, there was an increase in Scope 1 emissions due to the use of diesel-fueled emergency generators after a weather related electrical outage at a site in the Philippines.

In the past year, Lexmark has acquired several companies. The acquisition of these companies impacted our total greenhouse gas emissions.

TOTAL ENERGY USAGE

Lexmark headquarters in Lexington, Kentucky has been the subject of multi-year energy conservation projects including Heating, Ventilating and Air Conditioning (HVAC) system upgrades and a facility reduction of 44,026 m2 with additional site size reductions planned for 2012. This site has also been the subject of an extensive employee education campaign that focused on teaching employees about energy wasting habits such as the use of space heaters, personal refrigerators and personal printers. The campaign encouraged employees to use more energy-efficient practices to meet their needs.

Similar energy conservation projects have taken place at Lexmark facilities in the Philippines, including the installation of high-efficiency chillers.

Facilities Energy Management Team – Lexmark International Philippines, Inc. (LIPI) Facilities Department has created an energy management team which will conduct an energy audit to identify energy savings opportunities and waste minimization.

Saturday and Sunday Reduced Production – In an effort to reduce energy consumption, LIPI reduced production volumes on weekends. Clean Dry Air (CDA) and Heating Ventilating and Air Conditioning-related power consumption is reduced 10-15 percent on Sundays and five percent on Saturdays. Water consumption is also reduced on Saturdays and Sundays.

The Total Energy chart shows Lexmark's total annual energy consumption. By the end of 2011, Lexmark reduced its total annual energy consumption by 16 percent compared to baseline year 2007. A portion of this savings is attributable to Lexmark's ongoing efforts to improve the efficiency of operations at our facilities worldwide.

DIRECT ENERGY USAGE

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

Lexmark's direct energy consumption decreased by eight percent between 2007 and 2011, as shown in the Direct Energy chart.

No direct energy renewables were used by Lexmark in 2011.

Total direct energy consumption by non-renewable primary sources is shown in the table below.

NON-RENEWABLE FUELS	MWH	GIGAJOULE
Natural Gas		86153 310150.8
Diesel/Gas Oil		1632 5875.2
Distillate Fuel Oil No. 5	8	28.8
Propane	329	1184.4
Renewable	MWh	Gigajoule
Biofuel	0	0
Hydrogen	0	0

INDIRECT ENERGY USAGE

Lexmark operations make use of only one indirect energy source (the driver of Lexmark's Scope 2 emissions): electricity. The electricity used at Lexmark facilities is primarily purchased from local energy providers and pulled from the local grids. The electricity supplied by local power companies is generated using a variety of non-renewable and renewable primary energy sources including coal, nuclear energy, solar power, wind power, geothermal energy and hydro energy.

The Indirect Energy chart shows Lexmark's total indirect energy (electricity) consumption for the years 2005 through 2011. Lexmark's use of indirect energy decreased by 20 percent from 2005 to 2011. This decrease is a result of more energy efficient operations, reductions in facility space and reductions in production.

OTHER ENERGY CONSUMPTION

TRAVEL RELATED ENERGY CONSUMPTION

Lexmark's efforts to reduce energy consumption expand beyond the walls of our facilities. As with most companies, business needs frequently require that some Lexmark employees travel for face-to-face meetings with customers, partners and coworkers, many of whom are separated by significant distances (the driver of Lexmark's Scope 3 emissions).

We always encourage the use of lower-impact, real-time alternatives such as conference calls, Web-based meetings and videoconferencing. Integrating high-tech solutions not only saves energy, but also increases the frequency and quality of our communications.

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

Lexmark, in collaboration with our vehicle provider, tracks miles traveled using Lexmark owned, leased and rented vehicles in the U.S. and Europe. In collaboration with our travel agency, we track air travel worldwide. Distance traveled has decreased by 20 percent since 2005. The increase against 2009 is due to the addition of Perceptive Software, Cebu and China vehicle travel and improved business conditions.

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

PRODUCT TRANSPORTATION

Transporting our products is part of our business. We rely on transportation every day to deliver our products to customers around the world. While there is no avoiding the necessity to transport goods, we have measures in place 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 the use of diesel hybrid trucks or the use of rapidly renewable biofuels.

In September 2008, Lexmark joined the **U.S. EPA SmartWay Transport Partnership** and exceeded the program's requirement for the amount of allowable freight to be shipped using SmartWay carriers. SmartWay is a collaborative program between the U.S. EPA and the freight industry designed to increase the use of energy efficient vehicles and includes impressive goals to reduce greenhouse gas emissions and lower air pollution emissions. In an effort to help curb climate change, Lexmark pledged to continuously minimize the environmental impact of its product shipments throughout the U.S. It is with great pride that we continue our efforts to shrink our carbon footprint by reducing the energy consumption and emissions associated with transportation.

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

- **Cube Utilization** – Maximizing the use and capacity of containers for the transport of our products is an effective practice we have adopted to handle more cubic feet of freight per container shipment.
- **Direct Ship Model** – In the direct ship model, our goal is to reduce the total mileage our products travel by utilizing direct ship and direct import models. Delivery service providers move freight directly from the port to the customer's destination, which ultimately eliminates warehousing en route. Similarly, in the direct import model, ocean carriers pick up customer-directed products at key supplier points and transport the goods directly to the ultimate consignee, eliminating inland cargo moves that increase energy usage and air emissions.
- **Intermodal Freight Transportation** – Lexmark is expanding the use of intermodal freight transportation, an approach that optimizes the transportation of freight per vehicle by using multiple modes of transportation, such as ocean, rail, air, inland water and road. Also referred to as multimodal, this approach reduces the miles a container travels as well as the number of times a product is handled during shipment, which saves time, money and fuel.

SUPPLIER LOCATIONS

In the interest of efficiency, cost effectiveness and environmental benefits, Lexmark engineers are encouraged to select suppliers that are close to the location where their products will be shipped (such as to a manufacturing location) when possible. The use of locally based suppliers is both environmentally and financially preferable, resulting in reductions in transportation impact and cost.

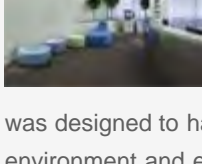
REGULATED AIR EMISSIONS

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 its products. The Company does use some ozone-depleting chemicals, specifically refrigerants for HVAC systems that cool our facilities. Lexmark cannot eliminate the use of refrigerants at this time since all HVAC systems require the direct or indirect use of refrigerants. Reported refrigerant emissions in 2011 resulted in an ozone depletion potential of 18 pounds of CFC-11 equivalent and we are taking steps to minimize their usage. Lexmark monitors HVAC systems for leaks using stand-alone system sensors. We also choose to purchase chillers that use environmentally preferable refrigerants. For example, in 2008, Lexmark installed chillers that use refrigerant R-134a, a hydrofluorocarbon (HFC) refrigerant, replacing previous chillers using R-11, a chlorofluorocarbon (CFC) refrigerant. (CFC refrigerants have the highest Ozone Depletion Potential [ODP]. The refrigerant used in the new chiller has an ODP of zero.) As an added benefit, these new chillers have variable frequency drives, enabling less electrical demand at part load than previous chillers without frequency drives.

2011 AIR EMISSIONS UNIT: TONS PER YEAR				
	Lexington	Boulder	Cebu	Juárez
Methane	0.16	–	0	NR
Volatile Organic Compounds (non methane)	0.44	6.06	0.001	23.6
SOx	0.12	0	0.03	0.25
NOx	7.75	0	0.14	2.29
CO2	8,342	13,908	127.13	3,087
Particulate Matter(PM10)	0.59	0.07	0.02	0.28
Hazardous Air Pollutant	0.12	0.45	NA	NA
Toxic Release Inventory	NA	1.9	NA	NA

1. Emissions Scope Canada, China, France, Hungary, India, US, Mexico, Geneva
2. The definition of local varies depending upon the availability of services. In some cases, local is considered 'in country' and in other cases, local is considered 'in geographic' (geographic = Europe, Middle East and Africa; North America; Asia Pacific; Australia, New Zealand; Latin America)

LEXMARK ITALY

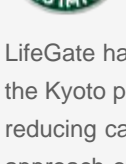


Lexmark Italy's new Lexmark@Work headquarters, that opened in Milan in 2010,

was designed to have minimal impact on the environment and encourage the exchange of information and the generation of new ideas.

[Learn More](#)

LIFEGATE ZERO IMPACT

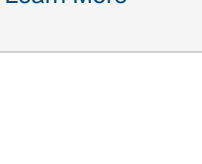


Lexmark has participated in "Impatto Zero", an environmental project promoted by LifeGate, since 2004.

LifeGate has been called the Italian version of the Kyoto protocol, with its specific mission of reducing carbon emissions and its general approach of promoting awareness of the environment.

[Learn More](#)

NET-ZERO AND POSITIVE ENERGY BUILDINGS



Lexmark France has joined a new consortium working together to design the first positive energy green office building.

[Learn More](#)

LEXMARK@WORK ITALY

Lexmark Italy's new Lexmark@Work headquarters, opened in Milan in 2010. This facility is designed to have minimal impact on the environment and encourage the exchange of information and the generation of new ideas. It was built using environmentally sustainable materials such as flooring that is free from heavy metals, halogens and other hazardous substances and made of recyclable materials. Its walls are made from recycled glass and its furniture from Forest Stewardship Council (FSC) certified woods and recycled materials. This facility is also energy efficient, utilizing an occupancy sensor system and energy-efficient, light-emitting, diode (LED) lighting.



LIFEGATE

LEXMARK PARTNERSHIP WITH LIFEGATE

Lexmark has participated in “Impatto Zero”, an environmental project promoted by LifeGate, since 2004. LifeGate has been called the Italian version of the Kyoto protocol, with its specific mission of reducing carbon emissions and its general approach of promoting awareness of the environment.

Through this program, Lexmark has participated in the replanting and the preservation of green areas in Costa Rica and Italy, resulting in 500 tons of carbon emission savings over three years.

Lexmark’s collaboration with LifeGate continues through the LifeGate Energy project, that encourages the use of renewable energy. Through this program, LifeGate supplies Lexmark Italy with clean energy.



NET-ZERO AND POSITIVE ENERGY BUILDINGS

In 2009, Lexmark France joined a new consortium, launched by [Bouygues Immobilier](#), a leading French office building promoter. These corporations, all experts in their own industries, worked holistically to help field a positive energy green office building. This positive energy building, which will produce more energy than it will consume, opened in 2010 on the outskirts of Paris.

The consortium called GIE or “Enjeu Energie Positive” focuses on carbon footprint reduction, energy efficiency and integrated building operations to achieve a net positive energy building. Nine partner companies – Bouygues Immobilier, Intel, Lexmark, Schneider Electric, Siemens, Philips, Tandberg, Sodexo, Steelcase – are jointly developing programs to decrease the energy consumption of the green office building program and to increase the capacity of such buildings to produce renewable energy.



Printing is a critical element of the green office because non-optimized printing processes can result in significant amounts of waste. Chosen for its “Print Less, Save More” solutions, Lexmark is helping refine environmentally beneficial printing solutions in green office buildings.

Lexmark will also participate in specific innovative research programs, including a joint project with Intel to monitor and personalize the energy consumption within the modern office. The objective is to reduce the energy consumption by two-thirds, by monitoring and setting personal energy goals for printing, PC use, and other electrical plug-loads in the office. Using a prototype application from Intel Labs, Lexmark France has introduced in its own offices a visually compelling personal energy tool for office workers and building managers. The tool provides each office worker a graphical garden on their PC representing energy consumed by PC, printer, lighting and ambient conditions. This allows employees to set and monitor personal energy goals, and compare themselves with colleagues, building a social discussion around energy goals. They can also express their level of personal comfort back to the building manager. Intel is providing the PC-embedded sensor data ‘fusion’ mechanism that drives the personal garden graphics on each user’s PC as well as a centralized management console with finer-grained insight for Building Energy Managers, while Lexmark is providing the ability for shared printers to feed personal paper and energy consumption back to the console, as well as report to all end users on shared Multi-Function-Printer touchscreens the total building consumption.

ENVIRONMENTAL MANAGEMENT

ISO 14001 is a voluntary standard that guides organizations by providing a framework for environmental management for their businesses. It provides a framework for environmental management. Lexmark owned and leased manufacturing facilities in Boulder, Colorado, Cebu, Philippines and Juárez, Mexico, have received ISO 14001 certification. Lexmark's Lexington, Kentucky facility in the U.S. also holds ISO 14001 certification. Lexmark spends up to \$10,000 per facility with external consultants for site-specific services such as environmental testing and over \$100,000 for corporate services such as legislative tracking and MSDS management.

Each Lexmark facility sets site-specific goals for continually improving its performance within this important management system. Environmental goals include reducing energy usage, 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.

The fact that Lexmark has received only one fine in the past six years—a \$1500.00 levy for an administrative, environmental non-compliance—is testimony to the effectiveness of our environmental management system. We will remain steadfast in our diligence and efforts.

ISO 14001 CERTIFICATES

Boulder, Colorado [Certificate](#)

Budapest, Hungary [Certificate](#)

Cebu, Philippines [Certificate](#)

Juárez, Mexico [Certificate](#)

Lapu-Lapu, Philippines [Certificate](#)

Lexington, Kentucky [Certificate](#)

VIEW OHSAS CERTIFICATES
[CLICK HERE.](#)

WATER MANAGEMENT

LEXMARK'S COMMITMENT TO WATER CONSERVATION AND PROTECTION



LEXMARK'S GOALS

- Reduce water usage 20 percent (2005-2017)
- Complete Lexmark's six-point water conservation plan by the end of 2017

LEXMARK'S PROGRESS

- Achieved a 39-percent reduction in water usage versus baseline year 2005
- Exceeded our goal of reducing water usage by 20 percent by 2017

WATER USAGE

The manufacturing and research and development operations that take place at Lexmark-owned and leased facilities have a substantial impact on the company's water consumption. This usage varies somewhat with product demand, but is relatively stable. Lexmark uses water for three purposes: manufacturing and development, sanitation and HVAC.

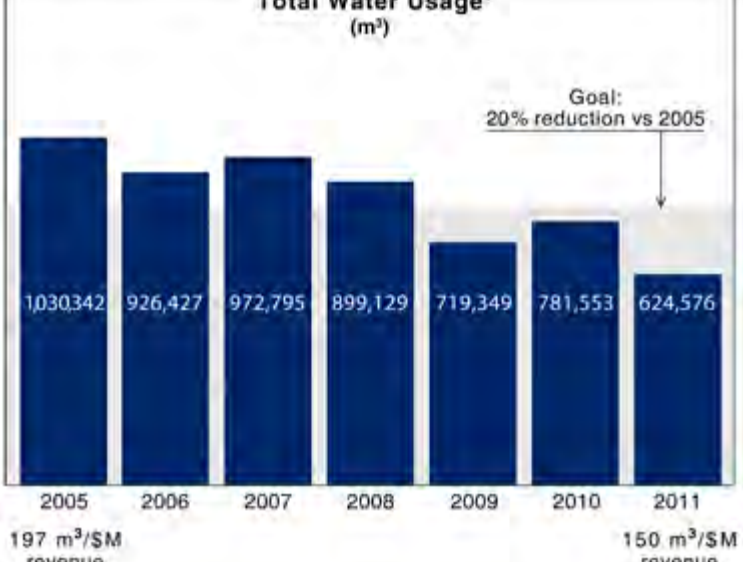
Lexmark water usage is also driven by the need to control temperature. As external temperatures rise, we use more water in our HVAC systems to cool our facilities.

We cannot control the underlying primary variable in our cooling-driven water usage – external temperature. We must therefore aggressively monitor, control and reduce water usage where opportunities exist.

Lexmark has undertaken numerous initiatives at facilities worldwide to reduce consumption of water including installing more efficient HVAC systems and improving the efficiency of existing HVAC systems, installing low-flow plumbing fixtures, desert-scaping (sometimes referred to as xeriscaping) and reusing process water in manufacturing facilities.

By the end of 2012, Lexmark plans to have recently spent nearly \$2 million upgrading Lexington headquarters underground city water piping systems to reduce leakage and improve reliability.

We have made a commitment to track and reduce the consumption of natural resources at all our leased manufacturing facilities, research and development facilities and office spaces worldwide. Lexmark has established the following corporate goals to guide our water conservation efforts.



[View High Resolution](#)

Lexmark total water usage (as purchased from local utility providers) is shown in the Total Water Usage chart. We have achieved a 39 percent reduction in water usage versus baseline year 2005. This exceeds our goal of reducing water usage by 20 percent by 2017.

This year's reduction can be attributed to milder summers in North America and improved control of cooling tower chemistry, which in the first year alone resulted in a 28 percent reduction in blow down at headquarters. Also aiding in the reduction was the finding and repairing of underground leaks and an increased reuse of water in Cebu, where there was a significantly large increase in recovered water at LIPI between 2010 and 2011 and an even larger decrease in reported total water use for the same period.

Some of this usage reduction can be attributed to the reuse of water. Lexmark reuses water in our manufacturing facility in Lapu-Lapu City, Philippines and in Boulder, Colorado. Our facility in Lapu-Lapu City collects used water and condensate from the air conditioning system in a non-potable water cistern. This water is later used for flushing toilets and for irrigation. The Lapu-Lapu City facility reused 17,110 m³ of water in 2011. Similar reuse takes place in Boulder. That facility collected and reused 15,142 m³ of water in 2011. Reused water accounts for nearly five percent of Lexmark's total water use, not including unmetered rain water.

WATER CONSERVATION PLAN

Unpredictable temperatures and fluctuations in production result in positive and negative changes in Lexmark's water usage. To help control this, Lexmark implemented a six-point water conservation plan in 2009. This plan will help us achieve more significant, controllable and sustained reductions in water usage going forward.

Increased water use in 2010 versus 2009 resulted from an abnormally hot U.S. summer, the economic recovery driving increased production and the increased scope of reporting to include China and Perceptive Software.

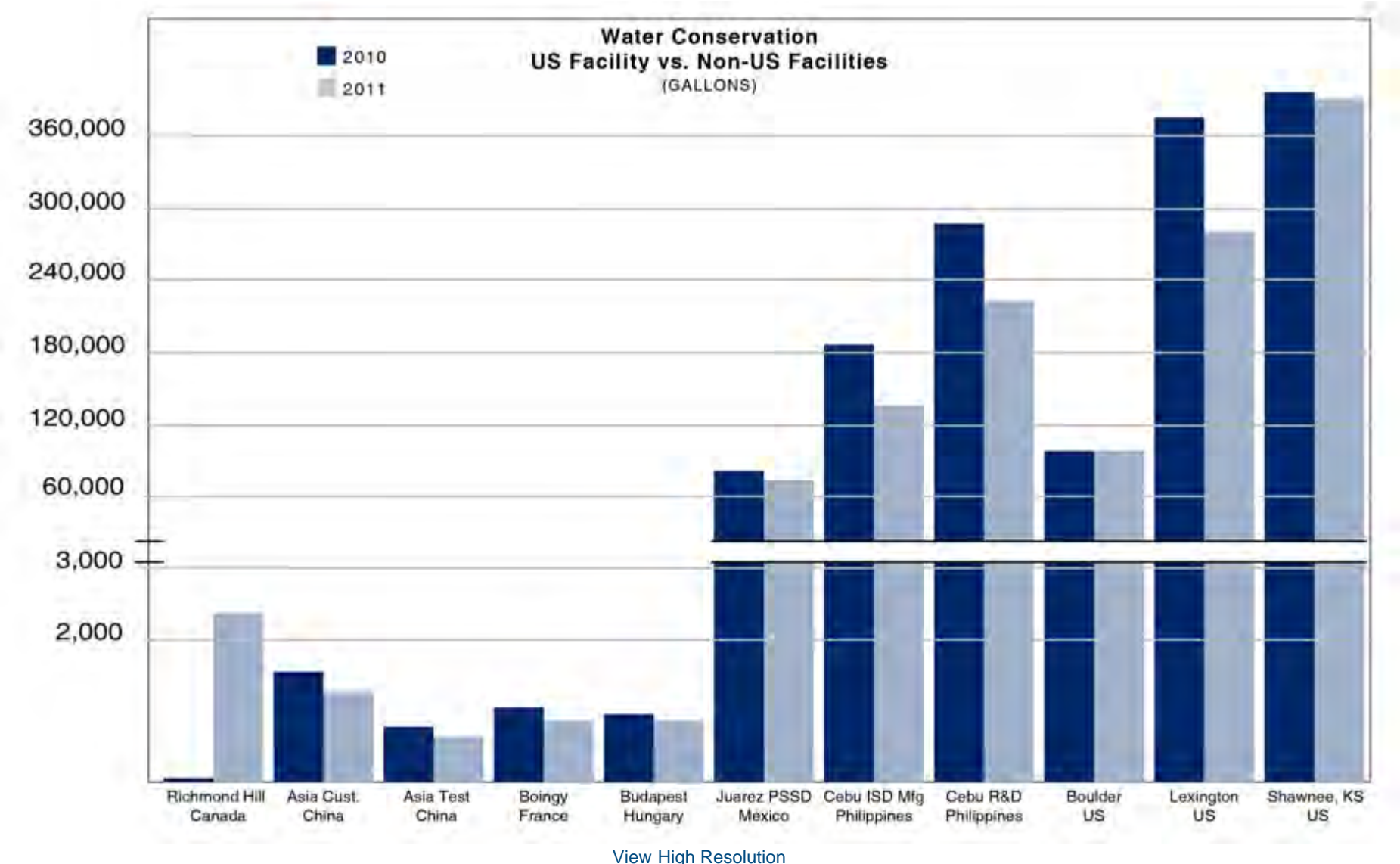
Lexmark's Six Point Water Conservation Plan			
Point	Goal	Projects	2011 Progress
1	Reduce Consumption (Intentional use of water)	Install low-flow plumbing fixtures in all new construction and replace outdated plumbing fixtures with low-flow plumbing fixtures during remodels/repairs	Aged existing plumbing fixtures were replaced by sensor operated and low flow fixtures at Headquarters in 2010 and 2011.
2	Reduce Consumption (Intentional use of water)	Upgrade water consuming facilities equipment to improve water usage efficiency	Lexmark, in partnership with GE Water and Process Technologies, cooling tower water controls improved control of cooling tower chemistry, resulting in fewer purges and a 28% reduction in the amount of water lost to purges/blow downs.
3	Reduce Losses (Accidental use of water)	Reduce losses due to leaks from main pipes	In the first quarter of 2011, a significant leak in an underground main and several other smaller leaks were identified and repaired.
4	Reduce Losses (Accidental use of water)	Reduce losses due to plumbing leaks	In the first quarter of 2011, a significant leak in an underground main and several other smaller leaks were identified and repaired.
5	Education	Complete at least one employee education communication on water conservation per geography per year	Lexmark has made special efforts through Lexmark's internal web site and signage posted throughout our facilities to educate internal facilities team members and facilities contractors about water conservation appropriate to their jobs.
6	Education	Designated employee at each facility to keep abreast of new water conservation opportunities and technology	Lexmark personnel at each manufacturing facility have been assigned this responsibility.

WATER WITHDRAWS AND DISCHARGES

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

Most Lexmark facilities withdraw water exclusively from municipal water supplies and other water utilities. A limited amount of rainwater (unmetered) is collected and used by some Lexmark facilities.

Lexmark Facility	Utility Provider	Original Source(s) of Water*
Lexington, Kentucky, United States (Headquarters)	Kentucky American Water	Kentucky River, Jacobson Reservoir and Lake Ellerslie
Boulder, Colorado, United States (Manufacturing)	City of Boulder Utilities Division	Barker Reservoir, Lakewood Reservoir, Boulder Reservoir and Carter Lake via the Boulder Feeder Canal
Juárez, Chihuahua, México (Manufacturing)	Junta Municipal de Agua Saneamiento de Juárez	Hueco Bolson , underground aquifer
Cebu, Philippines (Research and Development) / Lapu-Lapu City, Philippines (Manufacturing)	Metropolitan Cebu Water District (MCWD)	The Buhisan Dam and 113 deep wells and the diversion weir in Barangay Jacupan, Talisay City and rainwater collection system for non-potable use
Shawnee, Kansas (Perceptive Headquarters and Hedge Lane)	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
Orleans Plaza, France	La Lyonnaise Des Eaux, Val de Loire	Five storage tanks throughout the city
Boigny, France	Syndicat Des Eaux Des Usages, Mairie De Vennecy 45760	Nine drilled wells located around Orleans
Shenzhen, China	Shenzhen Water Company	Pearl River - the biggest river in south China
<i>*To our knowledge, none of these bodies of water are recognized by professionals to be particularly sensitive due to their relative size, function or status as a rare, threatened or endangered system and none support a particular endangered species of plant or animal or are considered a nationally or internationally proclaimed conservation area. And none of these water sources are significantly affected by Lexmark water withdrawal.</i>		



PLANNED DISCHARGES

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

Annual water discharges are assumed to be equivalent to total water consumption. All water discharges, whether planned or unplanned, destined for the local utility or nearby bodies of water, are closely monitored by site facilities and environmental teams that test for water quality.

UNPLANNED DISCHARGES

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

Lexmark reported no significant spills in our 2011 financial statement. In an effort to continually improve our processes, we record and investigate all spills, regardless of size or impact, as directed by site ISO 14001 and OHSAS 18001 and other corrective and preventative action programs.

For 2011 compared to 2010, Lexmark reduced its total water spend by 0.82 percent (the overall spend at non-US facilities increased in 2011) with some sites reducing spend by as much as 29 percent. Due to water conservation efforts in Lexington, water spend year-to-year was reduced by 12 percent. The spend at Lexmark's manufacturing facility in the Philippines was reduced by 26 percent.


In Lexington in 2011 about \$20,000 was spent to fix a major underground leak and to replace some defective isolation valves. Another \$50,000 was spent to purchase ultrasonic leak-monitoring Permalog devices now being deployed. About \$800,000 was spent to reduce water losses from the high-pressure, pumped firewater loop. A secondary city water main was run to provide redundancy to the existing main as required by the property insurers. A follow-up program to remove the main fire pumps and water tanks south of New Circle is planned and includes removal/rehabilitation of aged domestic water lines.

1. Emissions Scope Canada, China, France, Hungary, India, US, Mexico, Geneva


LAND AND BIODIVERSITY

Lexmark owns or leases facilities used for manufacturing or research and development in the United Sates, Mexico and the Philippines. Though Lexmark does not operate in areas that are known to be protected or home to IUCN Red List species and has no future plans to operate in these areas, we take care to ensure that all operations do no harm to the local environment.


Lexmark is particularly sensitive to the need for care with operations in the Philippines. Many organizations recognize the entire country as an area of high biodiversity. Lexmark owns two facilities in the Philippines. The Lexmark Research and Development Corporation (LRDC) located in Cebu, Philippines, is a 30,817 m2 research and development operation. Lexmark International Philippines, Inc. (LIPI), located in Lapu-Lapu City, Philippines, is a 33,817 m2 manufacturing facility. Lexmark employees in the Philippines work diligently to restore nearby habitats, focusing on reforestation and watershed protection. Lexmark employees in Cebu, Philippines, continued their efforts with the Buhisan Watershed Project, a habitat protection and rehabilitation program that was implemented in 2008. Lexmark’s effort to participate in the Save the Buhisan Watershed activity with the help of Philippine Business for Social Progress (PBSP), a non-government organization, helps to ensure safe drinking water supply for Cebu and promotes diversity by planting indigenous trees. Lexmark also participated in the reforestation of two hectares of the protected zone.




Mangrove reforestation



Tree planting in Cebu



Buhisan Watershed



Save the Buhisan Watershed Project Forum

The use of Lexmark products requires paper, the manufacture of which has impacts on the environment, specifically natural resource consumption (trees) and use of water. To give back or undo our impact, many of Lexmark’s community engagement efforts are focused on reforestation and watershed protection. Here are a few examples.

BUHISAN WATERSHED DONOR'S RECOGNITION DAY

In March 2011, officials and employees of Lexmark Research and Development Corporation (LRDC) and Lexmark International Philippines Inc. (LIPI) attended the Save the Buhisan Watershed Project Donor’s Recognition and Forum at the MCWD facility in the Buhisan Watershed and Forest Reserve.

The Save the Buhisan Watershed Project was organized by partners from the public and private sectors and aims to sustain the Buhisan Watershed through alliances of eco-friendly businesses and environmental rehabilitation initiatives like reforestation. The event was our opportunity to acknowledge the institutions that have made our success in the Buhisan Watershed possible.

This affair showcased the different projects we have implemented in Buhisan, which are sustainable and replicable examples of corporate social responsibility initiatives.

The Save the Buhisan Watershed Project was launched as part of Cebu's environmental response to the United Nation’s Millennium Development Goals. During the last three years, we worked with some 20 partners and donors and collectively mobilized 5.6 million Philippine pesos to support various projects.

The Blessing and Inauguration of the Nature Center was funded by LIPI and LRDC and was followed by a walk through the Buhisan Reservoir.

TREE PLANTING

With the aim of having a sustainable water resource available for Cebu, where LIPI and LRDC have facilities, a Buhisan Watershed and Forest Reserve enhancement planting activity was conducted. Employees from different department areas of LIPI and LRDC participated in this activity and they were able to plant over 3000 seedlings of native trees. Lexmark employees in the Philippines have sponsored annual mangrove reforestation activities since 2002.



NATURE CONSERVANCY TREE PLANTING


It took approximately 25 million pieces of paper to do necessary testing before launching our new OfficeEdge Series of business inkjet MFPs. To replace 25 million pieces of paper, we would need to re-plant approximately 3,000 trees. We are working with the Nature Conservancy to replant 6,000 trees in a nature preserve in Garrard County so that we will more than offset the impact.

LEXMARK SUPPORTS LAND AND BIODIVERSITY THROUGH OUR CUSTOMER ENGAGEMENT, BELOW ARE A FEW EXAMPLES: REFOREST THE BLUEGRASS


The 12th annual Reforest the Bluegrass event, co-sponsored by Lexmark, was held at Liberty Park in Lexington. Lexmark volunteers helped to replace trees that have been lost to disease and storm damage. Over the years, our employees have volunteered and contributed to the planting of more than 200,000 tree seedlings.

CANE RUN CLEANUP


Again, in 2011, Lexmark volunteers helped collect trash along the banks of Cane Run Creek in Lexington. In addition, our employee-volunteers helped haul away invasive and undesirable honeysuckle.




Lexmark employees and families at "Reforest the Bluegrass"



Cane Run Creek clean-up



Cane Run Creek clean-up



Trees for Tracks

To see more examples of Employee Engagement [Visit Here](#)

GAGEL AWARD



The Kentucky Environmental Quality Commission presented its annual 2012 Earth Day

award to Lexmark's John Gagel.
[Read More](#)

TREES FOR TRACKS



CSX's Trees for Tracks program recently brought together 170 volunteers from Lexmark, CSX and the Lexington

community as a whole to plant trees.
[Read More](#)

TREES FOR TRACKS



CSX Corporation is a valued Lexmark customer and a partner in sustainability. Its Trees for Tracks program recently brought together 170 volunteers from Lexmark, CSX and the Lexington community to plant trees along the Legacy Trail in Fayette County.

The program aims to plant one tree for every mile of the 21,000 miles of train track across the CSX network. The company intends to plant more trees than it must remove in order to keep train tracks safe for passage. The goal in Lexington was to plant about 400 trees. In the end, the volunteers spent a cold November morning planting more than 600 trees in Lexmark's Shadybrook Park.

For more information on the Legacy Trail please visit [here](#).

WASTE MANAGEMENT

Lexmark is committed to disposing of waste generated by our facilities in a responsible manner. The Company's waste generation and disposal figures over the past several years are indicative of the level of progress we have made toward our waste reduction goals.

LEXMARK'S GOALS

Lexmark established three long-term, waste-management goals for the corporation.

- Achieve a 20 percent reduction in waste generated (2007-2017)
- Achieve a 25 percent improvement in the amount of waste that our plants currently recycle (2007-2011)
- Achieve a 30 percent increase in hardware collection and recycling by 2014 as compared to baseline year 2007 per unit sales

GEOGRAPHIC

- Expand coverage of the Lexmark Equipment Collection Program

LEXMARK'S PROGRESS

While there is still much work to do, Lexmark has made significant progress toward achievement of these goals.

- Lexmark Lexington has already exceeded its quantitative waste goal by reducing hazardous waste by 61 percent since 2009. Further reductions are ongoing.
- Lexmark achieved a 24 percent improvement in the amount of waste that our plants currently recycle from 2007 to 2011, just shy of our 25 percent goal.
- Lexmark is moving toward its goal of 30 percent increase in hardware collection. From 2010 to 2011 Lexmark increased its hardware collection rate by 48 percent putting Lexmark back on track to achieve its goal by 2014.
- Expanded coverage of electronic recycling programs in Canada increased Lexmark's hardware collection rate by 50 percent in 2011.

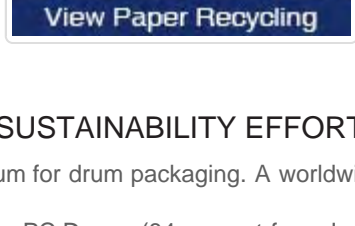
WASTE MANAGEMENT AND RECYCLING PROGRAMS

BUSINESS WASTE MANAGEMENT AND RECYCLING PROGRAMS

Lexmark has established business waste-management and recycling programs at its facilities worldwide. For example, Lexmark headquarters in Lexington, Kentucky, has established programs to collect and recycle a variety of materials including construction waste, cafeteria waste, electronic waste (such as end-of-life computers and telephones), aluminum cans, batteries, cardboard, office paper, glass bottles, metal scraps from our tool rooms, plastic bottles, fluorescent light bulbs and cell phones. Several of these waste streams are recycled in unique ways. Carpet recovered during remodeling efforts and scraps from new construction projects are recycled in a closed loop process. The carpeting and backing are separated, processed and then made into new carpeting. Cafeteria waste from the food preparation process is composted, and eventually fertilizes gardens throughout the city of Lexington, Kentucky. Office papers from Lexmark offices are recycled into bathroom tissue and paper towels.

The table/graph below shows the progress Lexmark has made over the past five years in the collection and recycling of business waste.

Paper Recycling



WE ARE PROUD OF OUR SUSTAINABILITY EFFORTS IN BOULDER COLORADO:

- Reuse of plastic trays with Flortum for drum packaging. A worldwide project that avoided 103 metric tons of waste this year
- Recovery and reuse of 2.7 million PC Drums (84 percent from Juárez and 16 percent from Boulder). That represents 333 metric tons of waste recovered.
- Reclaiming and reusing waste solvent to be used in our photoconductor manufacturing process.
- Composting food waste and paper towels.
- Sending out our scrap wooden pallets to be reused.
- Scrap paper, glass, plastic and cardboard is recycled instead of sending it to landfill.
- Scrap aluminum and metal is reclaimed to be used again.
- Much of our liquid and solid wastes that have some BTU value are sent out as a fuel substitute.
- Lexmark Boulder continues to reduce its non-renewable energy demand by purchasing 1,000,000 KWH's of wind energy and implementing energy reduction initiatives

LEXMARK'S FACILITIES IN JUÁREZ MEXICO HAVE HAD MANY SUSTAINABILITY SUCCESS STORIES IN 2011:

- Since September 2011, an average of 12,700 kg/month of developer roll scrap has been recycled.
- Hazardous Waste generation was reduced significantly in this plant by buying smaller rags and using markers with alcohol instead of rags with alcohol.
- Implementation of a battery recycling program for Campus employees and contractors. Employees and contractors are allowed to bring their spent batteries for recycling.
- \$500,000 has been invested to upgrade the water treatment plant. Addition of flocculation and coagulation process and a filter press. With this improvement we will recover more water for the process and we will reduce the sludge generation.
- With a five-time reuse program for the ink mix drums we avoid the purchasing of 426 drums and their disposition.
- Reduce the generation of non-hazardous waste by 44 percent, most of the non-hazardous waste reduction was with direct projects in the operations (cartoners, baggers, etc.)

The Laser Cartridge Collection Program (LCCP) in Juárez Mexico is housed in a Gold LEED certified building. The program is designed to insure that a large percentage of laser cartridges are returned to Lexmark for reuse and recycling. The program generates:

- 1439 metric tons of Cartridges and parts for remanufacture
- 3419 metric tons of cartridges, parts and toner for recycling
- 197 metric tons of Plastic HIPs for recycling into new cartridge parts
- 1913 metric tons of recyclable cardboard
- 543 metric tons of other recyclable material (Plastic, Aluminum, Wood, Metals)



LCCP LEED Certified Building

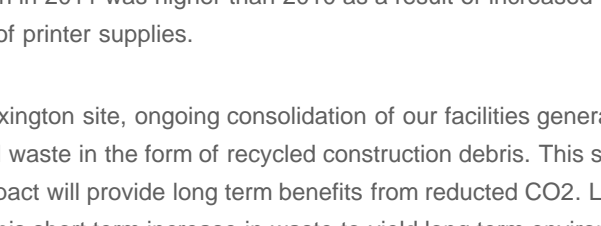
Lexmark has additional programs in place to recycle packaging. For example, Lexmark has established a Gaylord reuse program with its primary electronic waste recycling partner. Additionally, wooden pallets are sent for reuse and recycling (damaged pallets are chipped and used as mulch) and certain types of Styrofoam are sent to an extruder for reuse.

In Lexington, many of the surrounding counties that employees live in do not provide curb side recycling services for recyclables out of the home. Therefore, Lexmark has partnered with the Lexington Fayette Urban County Government to collect those recyclables on site. A large recyclable bin is available for employees to drop off items such as newspapers, plastics, glass bottles, cardboard, and aluminum cans. An estimated 225 tons of recyclables has been processed through this program since inception in 2007.

DEVELOPMENT AND PRODUCTION WASTE MANAGEMENT AND RECYCLING

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

Chemical waste is primarily processed in an energy recovery facility which generates electricity while processing the chemical waste. A portion of the 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 bathroom tissue and paper towels.



WASTE GENERATION AND RECYCLING STATISTICS

Lexmark generated a total of 18,316 metric tons of waste in 2011. Waste generation in 2011 was higher than 2010 as a result of increased production volumes of printer supplies.

At our Lexington site, ongoing consolidation of our facilities generated additional waste in the form of recycled construction debris. This short term waste impact will provide long term benefits from reduced CO2. Lexmark expects this short term increase in waste to yield long term environmental benefits from ongoing projects to reduce waste and optimize process and facility operational efficiency.

Hazardous waste accounts for approximately 10 percent of Lexmark's total waste. The primary hazardous waste materials generated are residues from manufacturing and development processes. Hazardous waste that is generated in Lexmark's research and development and manufacturing facilities is managed by external companies that specialize in the management of hazardous waste.

WASTE RECYCLING

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

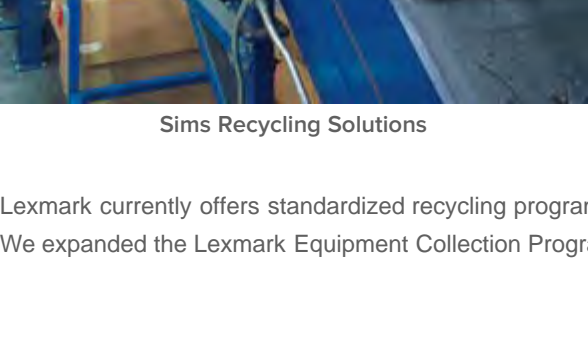
Since 2007, Lexmark has increased its waste recycling rate from 63 percent to 78 percent. Lexmark achieved a 24 percent improvement in the amount of waste that our plants currently recycle from 2007 to 2011, just shy of our 25 percent goal.

ELECTRONIC WASTE RECYCLING

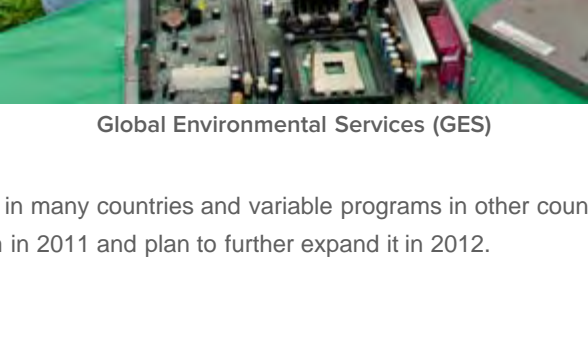
Lexmark offers its customers environmentally sound disposal choices for disposal of their end-of-life products. Electronic waste, including printers that have reached the end of their usable life, should be recycled by specialized firms whose processes ensure any data stored on those devices will not be compromised and that are committed to recycling those 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 certified in the ISO 14001 environmental management system standard and are Certified by R2 or e-Stewards. 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 R2 Standard is a comprehensive global standard for e-recyclers on the market and requires responsible management of used computers and other electronics. E-Stewards is a rigorous, internationally compliant certification program that assures full conformance to a comprehensive suite of e-recycling best practices. Both R2 and e-Stewards are working to ensure the electronics recycling industry is environmentally sustainable.



Sims Recycling Solutions



Global Environmental Services (GES)

Lexmark currently offers standardized recycling programs in many countries and variable programs in other countries. We expanded the Lexmark Equipment Collection Program in 2011 and plan to further expand it in 2012.



UNITED STATES

In the United States, we offer the Lexmark Equipment Collection Program. Customers can return their Lexmark-branded hardware products to Lexmark by whatever shipping method is most convenient for them and we will recycle the equipment for free. For business customers that 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 the customer's used devices, mark them for recycling and arrange for them to be sent to the nearest recycling facility.

Over the past four years, electronic waste legislation of one form or another has been proposed in a majority of states in the U.S. By the end of 2010, 11 states—Connecticut, Hawaii, Illinois, Indiana, Maine, Michigan, Minnesota, New York, North Carolina, Vermont and Wisconsin—enacted extended producer responsibility (EPR) legislation that includes printers. While the details of the legislation vary greatly from state to state, the basic premise is that the producers of electronic devices are required to collect and responsibly recycle covered electronic devices (CEDs) at the end of the devices' usable lives.

CANADA

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

Alberta: Lexmark participates in the Alberta Recycling Management Authority (ARMA) program. This state run program has been in place since October 2004 and offers 260 collection sites for businesses and consumers.

Saskatchewan: Lexmark participates in the Saskatchewan Waste Electronic Equipment Program (SWEEP) that launched in February 2007. SWEEP is the first industry led stewardship program in Canada and it offers over 70 recycling depot locations.

British Columbia: Lexmark participates in the Electronic Stewardship Authority British Columbia (ESABC) recycling program, an industry led initiative begun in July 2010.

Nova Scotia and Prince Edward Island: Lexmark participates in the Atlantic Canada Electronic Stewardship (ACES) program. This program was begun in Nova Scotia in February 2008 and Prince Edward Island in July 2010.

Ontario: Lexmark participates in the Ontario Electronic Stewardship (OES) program which was started April 2010.

Manitoba: Lexmark participates in the Electronic Products Recycling Association (EPRA) Manitoba which will begin collection in August 2012.

Recycling regulations are anticipated in Quebec, New Brunswick, Newfoundland and Yukon in 2012-2013.

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 Waste Electrical and Electronic Equipment (WEEE) directive (2002/96/EC). Consumers in the European Union can take their equipment to locally authorized collection centers or, in some cases, to local retailers. For business customers in the European Union, 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 AND LATIN AMERICA (AP/LA)

A primary focus for Asia Pacific environmental (AP/LA) has been preparation for the Australian national end-of-life Information Technology (IT) equipment and recycling program. This was formally announced by the Australian Federal government in November 2009 and had been anticipated for some time.

Lexmark has been an active participant in this process for six years. The announcement indicated national legislation would come into place in 2010 and the scheme will formally commence in 2012. The scheme will be Australia-wide and underpinned by government regulation.

All IT manufacturers and importers will be responsible for their shares of actual waste collected. Customers will return their end-of-life IT equipment to designated collection points from which the waste will be taken to central consolidation and collection points for recycling by accredited recycling operators.

The pilot for this national plan has been the 'Byteback' program operated in the state of Victoria. Lexmark was a founding member of this operation which is a free (to the consumer) IT equipment take-back program. There are nine other founding IT industry members. Byteback has been in operation since 2007 and is collecting some 10,000 items per month. It has proven invaluable in collecting data on IT hardware recycling, understanding consumer behavior and has received very strong community support. Lexmark will continue its pioneering work in this area by actively contributing to the IT industry working groups now preparing for the forthcoming national legislation and the resulting commencement of the national take-back plan.

The regions of Central and South America present many logistical challenges for recycling. Several countries and local governments, including Columbia and the Brazilian state of São Paulo, have recently enacted forms of Extended Producer Responsibility legislation. Lexmark is working closely with our recycling partner, Sims Recycling Solutions, to set up regional recycling centers to meet these new requirements

LEXMARK ELECTRONIC WASTE RECYCLING

[Click here](#) for more information on electronic waste recycling.

DESIGNING PRODUCTS WITH THE ENVIRONMENT IN MIND

The environmental performance of products has become a key issue for businesses, as society and consumers are increasingly concerned about the environmental impact of the products they use. Our Design for Environment efforts focus on minimizing the environmental impacts of our products in these essential areas.



[Product life cycle](#)[Product energy use](#)[Acoustics](#)[Product emissions](#)[Supplies](#)[Packaging](#)[Materials](#)[Environmental solutions](#)

LEXMARK PRODUCT ENVIRONMENTAL SPECIFICATION

In 2011, Lexmark released an updated version of the Lexmark Product Environmental Specification. This publicly available specification defines the minimum environmental requirements for the design, manufacture and marketing of Lexmark parts and products. These requirements are based on global regulatory obligations, international treaties and conventions and certain market demands. The 2011 update reflects the latest worldwide regulations and directives including the REACH Substances of Very High Concern (SVHC) directive in Europe and the recast of the European Union Restriction of Hazardous Substances (EU RoHS) directive.

To support these efforts, Lexmark invested in and began implementing a new materials content data collection and management system. This system will optimize our ability to communicate with our suppliers regarding substances used in parts and assemblies they provide to Lexmark for use in our products. This system will also increase our ability to respond to customer inquiries on the presence of substances of concern in our products and to address regulatory issues regarding substances of concern.

LEXMARK PRODUCT ENVIRONMENTAL SPECIFICATIONS LINKS

Product Environmental Specifications are available here as pdfs.

Environmental Specification (English) [Click Here](#)

Environmental Specification (Simplified Chinese) [Click Here](#)

Declaration of Conformity [Click Here](#)

PRODUCT ENVIRONMENTAL PROFILE SHEETS

Additional information about product specific environmental features can be found on Product Environmental Profile Sheets.

Current Product Environmental Profile Sheets [Click Here](#)

PRODUCT LIFE CYCLE

To clearly understand the environmental impact of our printers, Lexmark examines each phase of a product's life, from manufacturing to end-of-life, using a product Life Cycle Assessment (LCA).

We use the standardized LCA to analyze our products in accordance with the ISO 14040 and ISO 14044 methods. We also commissioned LCA studies on our laser and inkjet products to third-party environmental companies. The LCA studies were performed in compliance with ISO 14040 and ISO 14044, including an independent review.

The study measured our products' environmental impact on multiple indicators, in accordance with a methodology established in 2002 by the Institute of Environmental Sciences, Leiden University, in the Netherlands. Some of the environmental indicators measured include the following.

- Nonrenewable resource depletion (abiotic depletion)
- Nonrenewable primary energy
- Global warming and climate change (carbon footprint)
- Water footprint

The LCA studies provided a realistic, data-based assessment of tradeoffs in product design, manufacturing, transportation, end-life and the potential to make system-wide improvements. Lexmark incorporates the LCA results into our product design process to develop sustainable products that combine high standards of performance, efficiency and environmental sensitivity.

Lexmark commissioned LCAs for several of our products in 2011, including the Lexmark X544de laser MFP, and the Lexmark OfficeEdge Pro 5500 and Lexmark Genesis inkjet printers.

The LCA for the Lexmark OfficeEdge Pro 5500 indicates that the main environmental carbon and water footprint results from the printer's use phase; the 40 percent of the carbon footprint and 85 percent of the water footprint result from paper consumption during printing.

The LCA for the Lexmark Genesis indicates that, like the OfficeEdge Pro5500, the main environmental carbon and water footprint results from the use phase; 16 percent of the carbon footprint and 67 percent of the water footprint result from paper consumption during printing.



The 200 series cartridges for the new OfficeEdge printers announced in 2012, improve upon the environmental benefits seen with the introduction of the Lexmark Vizix inkjet technology. A life cycle assessment of the Vizix cartridges determined a 30 percent reduction in the carbon footprint compared to the previous integrated inkjet cartridges. The new 200 series cartridges provide an additional 50 percent carbon footprint reduction on a per-page basis.



CASE STUDY

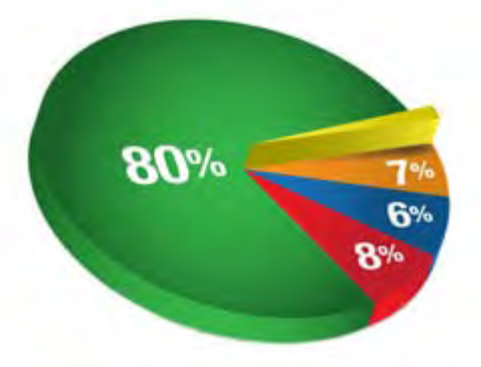


The LCA studies provided a realistic, data-based assessment of tradeoffs in product design, manufacturing, transportation, end life and the potential to make system-wide improvements. Lexmark incorporates the LCA results into our product design process to develop sustainable products that combine high standards of performance, efficiency and environmental stewardship.

[Learn More](#)

CASE STUDY

LEXMARK X646DTE MFP



Recently, a life cycle assessment was performed by an independent organization on the Lexmark X646dte MFP, one of the company's best-selling products.

The LCA studies provided a realistic, data-based assessment of tradeoffs in product design, manufacturing, transportation, end life and the potential to make system-wide improvements. Lexmark incorporates the LCA results into our product design process to develop sustainable products that combine high standards of performance, efficiency and environmental stewardship.

Lexmark commissioned LCAs for some of our recent products and cartridges in 2010, including the Lexmark X736de color laser MFP and the new generation of Vizix inkjet cartridges.

The color laser printer assessment indicated the main environmental carbon and water footprint of the Lexmark X736de color laser MFP results from the "use" phase, with the majority of the impact (62 percent for carbon footprint and 85.4 percent for water footprint), attributed to the paper that is consumed during the printing phase.¹



Comparing the carbon and water footprint of the new generation of inkjet cartridges Vizix, with the previous integrated inkjet cartridges, the life cycle assessment determined a 30 percent reduction in the carbon footprint and a 60 percent reduction in the water footprint for Vizix inkjet cartridges.²

[1] Results are based on the LCA of the Lexmark X736de color laser MFP. This ISO 14040 and ISO 14044 compliant life cycle assessment was conducted by Bio Intelligence Services.
[2] Results are based on the life cycle assessment of Vizix and integrated inkjet cartridges used to print 15,000 pages. This ISO 14040 and ISO 14044 compliant life cycle assessment was conducted by Bio Intelligence Services.

* 23.8 seconds versus 180 seconds

PRODUCT ENERGY USE

The demand for products that consume less energy, and ultimately result in lower emissions, is ever increasing. Whether at home or at work, our customers wish to lower their impact on the environment while simultaneously reducing energy costs. At Lexmark, we continually strive to update our products with innovative features that make them more energy efficient. For example, Lexmark's C79x / X79x product family features a high-speed instant warm-up fuser as well as a dramatic reduction in ready mode power consumption and an 87-percent reduction in time to print from sleep¹ versus earlier models of this product.



Lexmark has also introduced a new machine power architecture that allows different parts of the machine to be turned off while in sleep mode, thereby reducing power consumption. Hibernate mode is a new, ultra-low mode that helps reduce energy consumption when a product is not in use for extended periods of time. Users can program their products to automatically enter and exit Hibernate mode at chosen times of day and days of the week.

PRODUCT ENVIRONMENTAL PROFILE SHEETS

Additional information about product specific energy consumption can be found on Product Environmental Profile sheets.

[Click here](#) for current Product Environmental Profile Sheets.

1. 23.8 seconds versus 180 seconds

A CASE STUDY IN INNOVATION



Significant product energy reductions.
[Read More](#)

BLI PRODUCT ENERGY AWARD



Buyers Laboratory Inc. (BLI), the world's leading independent tester of document

imaging products, awarded "Outstanding Achievement" honours to the most energy-efficient models tested.

2010 Outstanding Achievement Awards
Lexmark X651de
[Read More](#)

2011 Outstanding Achievement Awards
Lexmark X792de
[Read More](#)

PRODUCT ACOUSTICS

Acoustics is the science of sound and vibration. Designing products for the environment includes considering audio comfort in the workplace. Lexmark printers offer an ideal combination of performance and quiet operation to aid in increased worker comfort and thus productivity.

Lexmark's design teams assess our equipment acoustics and focus on reducing unwanted noise while selectively incorporating helpful sounds. Finding technical solutions to "noise pollution" requires creativity and innovation. All laser products announced since 2009 have been designed with a quiet mode feature that allows users to adjust the sound level of their printer to meet their personal preferences.

Germany's Blue Angel eco-label was one of the first to include noise levels in its certification criteria. Today, all of Lexmark's laser printing products meet the noise requirement in the Blue Angel (RAL-UZ 122) specification.



The Lexmark Acoustic-Energy Lab

PRODUCT EMISSIONS

Emissions from printers in the workplace are subject to the occupational exposure limits of individual countries for specific chemicals. Lexmark printers are tested throughout their development for emission of styrene, benzene, ozone, total and individual volatile organic compounds, total and ultrafine particulate.

All laser printers emit small amounts of volatile organic compounds due to the heating of plastic parts and produce small amounts of dust (mostly paper fragments) as a result of moving paper through the printer.

Current Lexmark laser printers do not generate more than trace amounts of ozone. The printing technology that resulted in significant ozone generation is no longer used.

All Lexmark printer families are tested for emissions following the protocols of the internationally recognized German Blue Angel environmental certification. Results are compared to the Blue Angel limits and summary reports are available to customers upon request.

PRODUCT ENVIRONMENTAL PROFILE SHEETS



Additional information about product-specific emissions can be found on Product Environmental Profile sheets. For current Product

Environmental Profile Sheets.

[Click here](#)

LEXMARK SUPPLIES

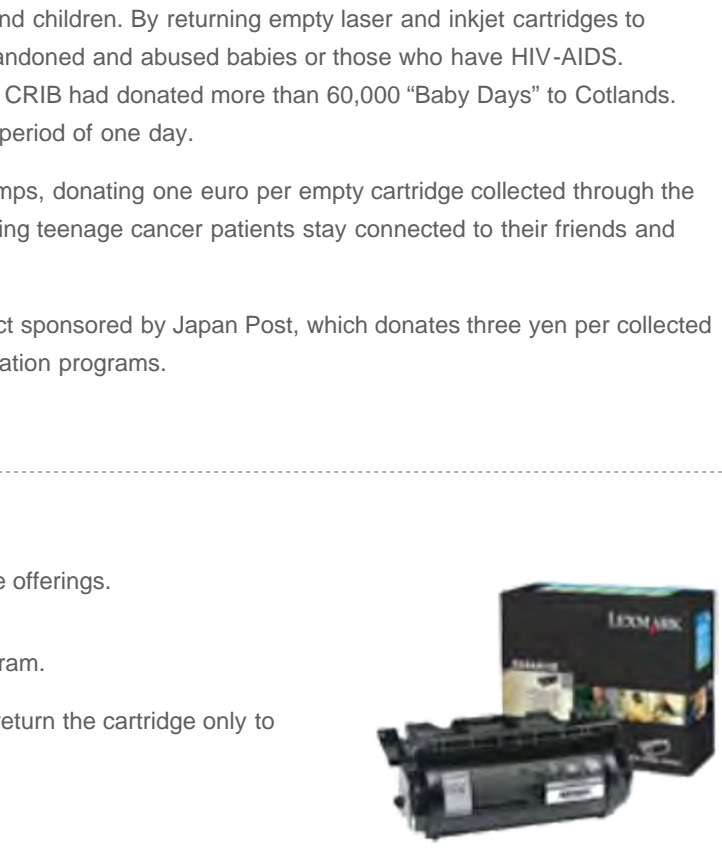
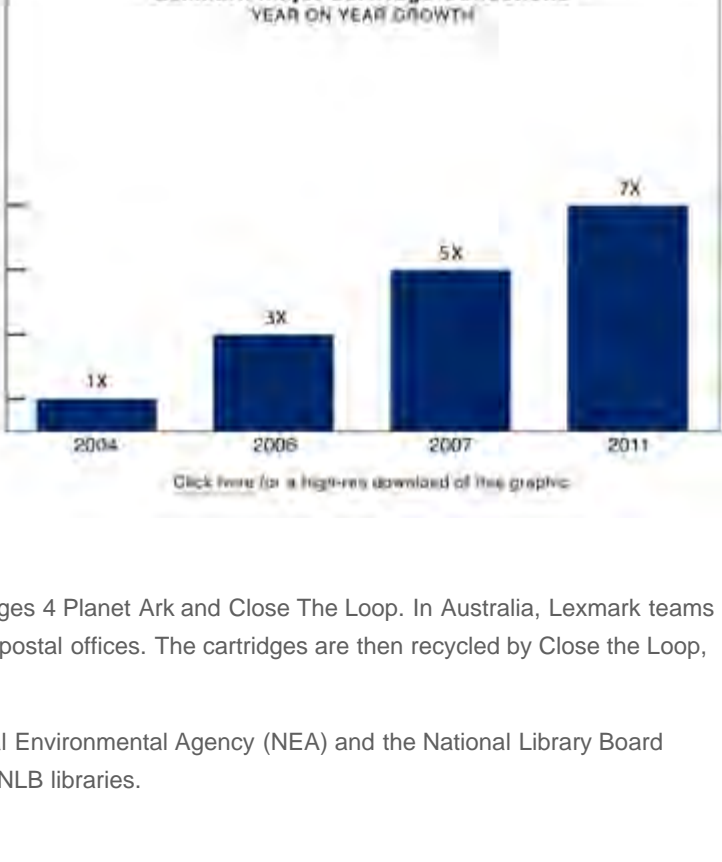
LEXMARK CARTRIDGE COLLECTION PROGRAM: REDUCING WASTE TO LANDFILL

The Lexmark Cartridge Collection Program continues to divert millions of Lexmark toner and inkjet cartridges from landfills annually by enabling our customers to return used print cartridges to Lexmark free of charge for reuse or recycling. Customers can return individual toner cartridges simply by placing the used cartridge in the new cartridge box and applying the pre-paid label provided for shipment. Other methods of return for toner cartridges include bulk returns or container pick-up service for large-volume customers (availability varies by country). For inkjet cartridge returns, customers can request free recycling bags from Lexmark's easy-to-use Web site, in addition to other country-specific inkjet cartridge collection methods.

Currently, our collection programs are available in more than 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 empty toner cartridges, and the number of empty cartridges we collect and process continues to be impressive. In 2011, our customers returned to Lexmark for appropriate end-of-life management approximately one out of every three toner cartridges shipped. In some regions, the Lexmark return rate is even higher. In the U.S., for example, the number of toner cartridges returned has continued to average between 40 and 50 percent of shipments over the past several years. We believe that industry average collection rates are between 20 and 30 percent.



- C540/X540 Series Rewards Program:** This unique environmental program for our new C540/X540 series color laser printers rewards customers for recycling their used toner cartridges with Lexmark. Customers can earn free High Yield toner and Imaging Kits for returning their empty cartridges to Lexmark for recycling or reuse.
- Lexmark Return Program cartridges,** offered for many of our most popular printer models. These toner and inkjet cartridges are sold at discounted prices in exchange for agreeing to return the empty cartridges only to Lexmark for remanufacturing, reuse or recycling.
- High-profile recycling campaigns and partnerships with leading global recyclers,** such as Cartridges 4 Planet Ark and Close The Loop. In Australia, Lexmark teams with Planet Ark to provide collection boxes in convenient locations such as office buildings, stores and postal offices. The cartridges are then recycled by Close the Loop, which ensures that 100 percent of the materials are recycled into other uses.
- In Singapore, Lexmark participates in the Project Homecoming initiative** supported by the National Environmental Agency (NEA) and the National Library Board (NLB). The initiative aims to encourage the recycling of cartridges through easily accessible bins in 13 NLB libraries.

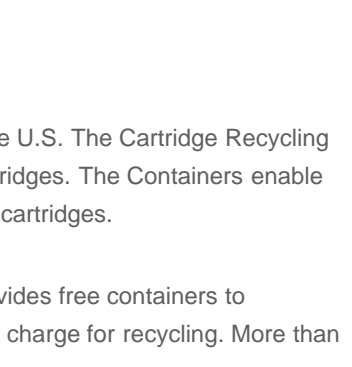
CHARITABLE TIE-INS:

- In South Africa, the Cartridge Recycling Initiative for Babies (CRIB) seeks to protect the environment and children. By returning empty laser and inkjet cartridges to Lexmark for recycling, customers can contribute directly to Cotlands, an organization that cares for abandoned and abused babies or those who have HIV-AIDS. Contributions to the fund are made on a per unit basis on both inkjet and laser cartridges. Since 2002, CRIB had donated more than 60,000 "Baby Days" to Cotlands. One Baby Day equals the cost of housing, feeding, clothing and care for one child at Cotlands for the period of one day.
- In France, Lexmark has continued its partnership with the Cancer League charity, S'inscrire dans le temps, donating one euro per empty cartridge collected through the Lexmark Cartridge Collection Program. Part of the funds are used to support a program aimed at helping teenage cancer patients stay connected to their friends and school through personalized diaries focused on a brighter future.
- In Japan, Lexmark participates along with other manufacturers in the Ink Cartridge Homecoming Project sponsored by Japan Post, which donates three yen per collected inkjet cartridge to the United Nations Environmental Program to help support its environmental conservation programs.

GIVING CUSTOMERS A CHOICE

Helping keep toner cartridges out of landfills is easy, especially with Lexmark's broad selection of cartridge offerings.

- Lexmark regular cartridges can be returned to Lexmark through the Lexmark Cartridge Collection Program.
- Lexmark Return Program cartridges give you an up-front discount in exchange for your agreement to return the cartridge only to Lexmark.
- Lexmark Certified Reconditioned toner cartridges are the quality-assured remanufactured alternative.

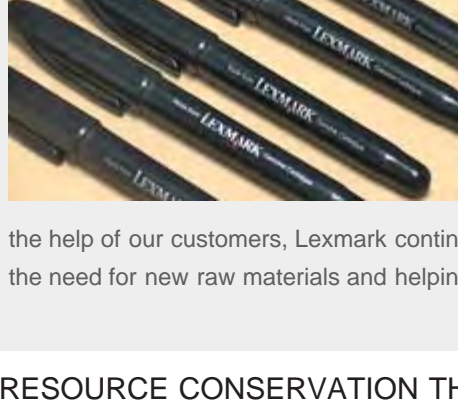


NEW CARTRIDGE RETURN METHODS IN 2011

In 2011, Lexmark added a SmartSolution enabling its inkjet customers to order ink cartridge return bags directly from their device touch screen.

CASE STUDY

CARTRIDGES FIND NEW LIFE AS INK PENS



The world's first pen made almost entirely from materials recovered from end-of-life inkjet cartridges. [Read More](#)

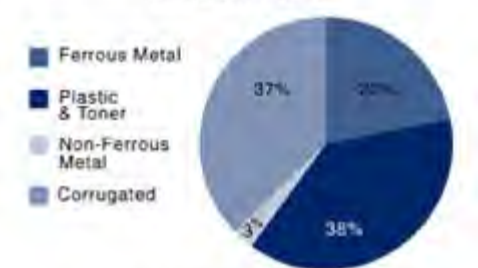
Conserving our planet's natural resources is a key sustainability challenge as the world population and economy continue to grow. According to the World Business Council on Sustainable Development, natural resource consumption is expected to rise to 170 percent of the Earth's bio-capacity by 2040*. This makes the recycling and reuse of products more urgent than ever before. At Lexmark, we recognize this challenge and, since our founding in 1991, have been dedicated to providing our customers with free and easy ways to return their used Lexmark supplies to us for responsible end-of-life management. With the help of our customers, Lexmark continues to make excellent progress in keeping cartridges out of landfills so that these products can be recycled or reused, reducing the need for new raw materials and helping to preserve our environment.

RESOURCE CONSERVATION THROUGH RECYCLING AND REUSE

Not only does the Lexmark Cartridge Collection Program help reduce waste to landfill, but it also conserves natural resources in conjunction with our recycling program. When managing the end-of-life for the empty cartridges our customers return to us, Lexmark always aims to be at the top levels of the standard environmental hierarchy. At the bottom of the hierarchy is landfill disposal, the least desirable option. At the highest levels are recycling and reuse, which produce the greatest sustainability benefit for the environment. In order to consistently "push up" this environmental hierarchy, Lexmark follows a zero-landfill policy for all of the empty cartridges that we collect and 100 percent of the empty cartridges returned to Lexmark are either reused or the material is recycled.



Our ultimate goal is to give as many cartridges as possible a second life through materials reuse. Since 1996, Lexmark has reused over 31 million pounds of recovered cartridge material by converting millions of empty toner cartridges into Lexmark Certified Reconditioned toner cartridges. The eligible empties that we collect are disassembled, cleaned, and critical components are replaced with genuine Lexmark components. Each reconditioned cartridge is tested to assure high-quality output and reliable performance.

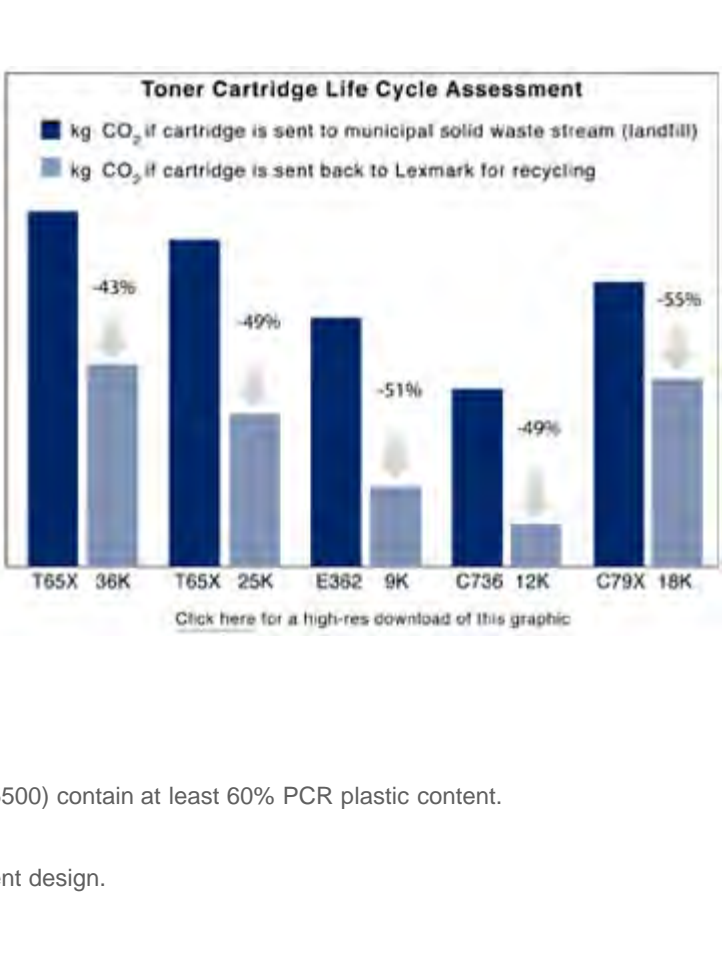


Between 2004 and 2011, Lexmark was able to achieve a more than threefold increase in the absolute amount of cartridge materials reused through our collection program by continually optimizing our collection and remanufacturing processes. In doing so, we have been consistently moving up higher in the environmental hierarchy. Lexmark toner cartridges that cannot be successfully reconditioned are demanufactured using a process that maximizes materials recovery for use in secondary products.

In 2011 alone, we recycled or reused more than 10,000 metric tons of plastic, metals and packaging. Conserving these materials for reuse in cartridges and other products translates into fewer raw materials that need to be mined or extracted, reducing the impact on the environment.

END-OF-LIFE MANAGEMENT: TONER CARTRIDGE CARBON FOOTPRINT

Lexmark extensively utilized Life Cycle Assessments (LCA) in 2011 to better understand the environmental impact of our cartridges and as a guideline when considering potential product and process design improvements. An LCA is designed to evaluate the environmental impact of a product throughout its lifetime – from raw materials extraction, production, distribution and use, to end of life. These studies demonstrate just how significant the benefit to the environment can be by recycling a used toner cartridge through the Lexmark Cartridge Collection Program (LCCP). The Lexmark LCA cartridge studies performed by a third party in accordance with the ISO 14040 and 14044 guidelines for LCA, demonstrates that sending a used Lexmark toner cartridge back to Lexmark for recycling, as opposed to discarding it in a landfill, reduces the overall carbon footprint of those cartridges studied by up to 50 percent (excluding paper consumed during the use phase).



USE OF POST-CONSUMER RECYCLED CONTENT

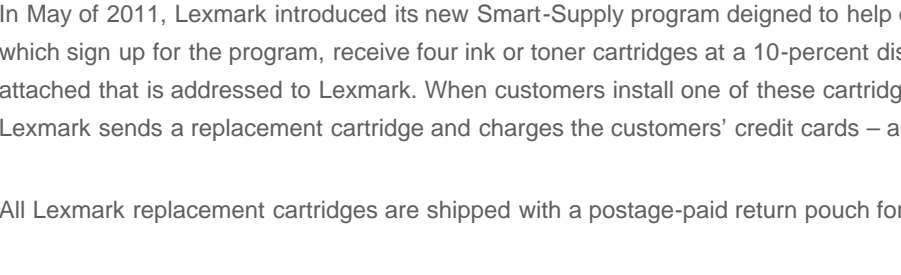
In 2011, Lexmark continued its use of post-consumer recycled plastics in the manufacture of certain new toner cartridges. The Lexmark toner cartridge product line contained, on average, 10 percent by weight of post-consumer recycled plastic. In some models, the post-consumer recycled content of newly molded plastic components can provide up to 28 percent by weight of the plastic used.

SUSTAINABLE BY DESIGN



Supplies for the Lexmark OfficeEdge devices (Pro4000 & Pro5500) contain at least 60% PCR plastic content.

Preliminary LCA results indicate >50% CO₂ reduction vs. current design.



Lexmark was recently announced as a 2012 **Manufacturing Leadership 100 (ML100)** Award recipient for Sustainability. Lexmark was recognized for having implemented closed loop post-consumer recycled content in both its inkjet and laser supplies through the Lexmark Cartridge Collection Program (LCCP).

SMART-SUPPLY PROGRAM

In May of 2011, Lexmark introduced its new Smart-Supply program designed to help our high-usage SMB customers to save money and help the environment. Customers which sign up for the program, receive four ink or toner cartridges at a 10-percent discount (plus free shipping). Each of these cartridges has a postage-paid postcard attached that is addressed to Lexmark. When customers install one of these cartridges, they simply remove the postcard and drop it in the mail. Upon receipt of the card, Lexmark sends a replacement cartridge and charges the customers' credit cards – again at a 10-percent discount plus free shipping.

All Lexmark replacement cartridges are shipped with a postage-paid return pouch for customers to return depleted cartridges for recycling.

Lexmark Electronic Waste Recycling

More information on electronic waste recycling is available on the Lexmark Web site. [Click Here](#)

* "Sustainable Consumption Facts and Trends." World Business Council on Sustainable Development, 2009.

PACKAGING

The Lexmark packaging team assesses the life-cycle impact of packaging on the environment. We focus on how much packaging is delivered to the customer as well as how packaging designs affect transportation efficiencies along the way. In addition, we carefully study component choices as they relate to the environment, minimize materials use and choose materials that are easy to recycle whenever possible.

We design our packaging with the environment in mind. At the design phase, engineers look at the shipping requirements of the product. Our engineers consider the overall size of the product, the shape of the outer covers and how this can affect the accessories shipped with the printer. The overall ruggedness of the printer is another significant factor. Simply stated, the more rugged the printer is, the less packaging the unit requires. It should be noted that Lexmark applies this eco-logic not only to printers, but also supplies and service parts.

Less packaging helps reduce costs and material disposal in landfills. Less packaging also ensures that goods are being transported in the most efficient manner. Our efficiency can be quantified through the LCA, with the anticipated output consisting of reductions in greenhouse gas emissions, energy savings and natural resource conservation.

SHIPPING AND PACKAGING GUIDELINES AND FORMS

Shipping and packaging guidelines are available as a pdf. [Click Here](#)

Packaging Certification Forms are available as a pdf. [Click Here](#)

For additional information on materials used in packaging please visit [here](#).

PACKAGING EFFICIENCY IMPROVEMENTS



Examples of Lexmark's efficiency improvements in packaging efforts can be

found by following the link.

[Click Here](#)

MATERIALS

The variety of advanced technologies in Lexmark printers lends itself to the inclusion of many different material types. Lexmark printers contain a broad range of materials from plastics to metals to ceramics. The largest quantity by volume are plastics like high-impact polystyrene (HIPS) and acrylonitrile butadiene styrene (ABS). Other plastics used include polyesters and polyamides and filled or blended versions of these materials. These plastics are generally manufactured from gas and petroleum feedstocks, but recycled plastic supplies are also used. The metal content in Lexmark printers is dominated by steel products sourced from both recycled and new feedstocks. Many other metals, ceramics and semiconductors are used in smaller components of the systems.

Lexmark printers and supplies are packaged using materials derived from both renewable and non-renewable sources. Packaging materials derived from renewable sources include corrugated (cardboard) boxes, cushioning materials made of molded pulp and wooden pallets. Packaging materials derived from non-renewable sources include cushioning materials made of expanded polystyrene (EPS) or expanded polypropylene (EPE), polyethylene bags, fasteners including staples, twist ties and tape, plastic pallets, plastic strapping and plastic stretch wrap.

POST CONSUMER RECYCLED CONTENT

When specifying materials used in printers, supplies and packaging, Lexmark strives to utilize post-consumer recycled (PCR) materials. Use of PCR materials can have a positive impact on the environment, reducing both consumption of natural resources and the amount of waste in landfills.

Lexmark recognizes the environmental benefits of reutilizing metal content, 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 to 80 percent recycled content. Lexmark is committed to utilizing these grades wherever possible.

Consistent use of post-consumer plastics has been a more significant challenge for both Lexmark and the electronics industry as a whole. Despite the environmental benefits of recycled plastics, the technical difficulties of the process have caused widespread recycling of engineering plastics to lag behind the recycling of metals and commodity plastics. Using new technologies, the plastics recycling industry has begun to overcome these hurdles and may soon achieve products that allow more mainstream adoption of recycled engineering plastics.



Lexmark has been a leader in recycling its plastic feedstreams and using post-consumer plastic content in its products. In the mid-1990s, Lexmark worked to incorporate recycled plastics in its Optra series of printers, utilizing a controlled North American feedstream and in some cases closed-loop materials.

In recent years, changing regulations have led to an increase in suppliers offering quality recycled plastic materials. Lexmark engineers have studied the broader use of post-consumer recycled plastic in our products. Study of new grades and sources has shown that monitoring the consistency of both supply and quality of post consumer plastic is of critical importance.

This research has identified a number of PCR resin suppliers with grades that have desirable properties and compare favorably with their virgin counterparts. As they are approved, grades with suitable quality and competitive pricing will make their way into Lexmark products.

Lexmark's research has identified a number of PCR resin suppliers with grades that have desirable properties and compare favorably with their virgin counterparts. Gradually, grades with suitable quality and competitive pricing are making their way into Lexmark products.

In one example of these efforts, engineers for the Lexmark C790 series of laser printers were able to incorporate high-impact polystyrene derived from used electronic waste into several components of the printer, boosting its post-consumer recycle plastic content to four percent from zero percent in previous models. This achievement is especially notable for its closed-loop use of electronic waste into new electronic products.

CLOSED-LOOP RECYCLING

Lexmark continues to innovate with closed-loop toner cartridge recycling operations. Capitalizing on its award-winning Lexmark Cartridge Collection Program, Lexmark's engineers are able to reclaim a feedstream of high-impact polystyrene plastic. After returning this material to near virgin quality, it is incorporated into new toner cartridges. This material contributes to Lexmark's industry leading 10 percent average post-consumer plastic content across Lexmark-branded toner cartridges.

Lexmark also continues to sustain its closed-loop recycling of inkjet cartridge plastic. It reclaims cartridge bodies from its return program and reutilizes this material at a 25 percent level in a closed-loop recycled plastic used for manufacturing components for new Lexmark-branded inkjet cartridges.

In 2009, Lexmark also successfully implemented closed-loop recycling of its inkjet cartridge plastic. It has succeeded in reclaiming cartridge bodies from its return program and reutilizes this material at a 25 percent level in a closed-loop recycled plastic used for manufacturing components for new Lexmark-branded inkjet cartridges.

These two programs led Lexmark to be the first printer manufacturer to successfully implement a closed-loop recycling system for both ink and toner cartridges. This is one of the key principles of sustainability: taking material from recovered products, bringing it back to the raw material state and using it again to make the same product. Lexmark is proud to have achieved this milestone in its recycling programs.

RESTRICTION OF THE USE OF CERTAIN HAZARDOUS SUBSTANCES IN ELECTRICAL AND ELECTRONIC EQUIPMENT (ROHS)

When specifying materials used in printers, supplies and packaging, Lexmark also evaluates compliance with material restriction directives and legislation. Lexmark complies with international legislation that restricts the use of substances such as lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBB) and polybrominated diphenyl ether (PBDE) flame retardants, as outlined in the European Union's 2003 passage of the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS). In fact, a few years before the RoHS requirements went into effect, Lexmark completely eliminated PBBs and PBDEs from our products. Since July 1, 2006, all Lexmark products, including the ink and toner cartridges (which are not included in the scope of the RoHS), have been fully compliant with the RoHS directive.

RESTRICTIONS OF HAZARDOUS SUBSTANCES (ROHS)

The European Union has adopted the Directive 2002/95/EC on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS). Lexmark is committed to providing RoHS compliant products to world markets.

The RoHS directive limits the amount of four metals (lead, mercury, hexavalent chromium, cadmium) and two brominated flame retardants (poly brominated biphenyl and poly brominated diphenyl ether) that can exist in a product. Some of these materials are related to basic technology of electronics and the elimination will impact technical product designs throughout the electronics industry.

Lexmark is developing new products and working closely with all of our suppliers to ensure that all materials going into Lexmark products are compliant with the RoHS directive. Lexmark is committed to continuously improving the environmental design of all of our products and services. The reduction of environmentally harmful materials such as the ones in the RoHS directive is a part of our commitment.

The Lexmark vision is Customers For Life, and we believe the best way to ensure this is by designing superior products that deliver the ultimate printing solutions for our customers.

REGISTRATION, EVALUATION, AUTHORIZATION AND RESTRICTION OF CHEMICALS (REACH)

Lexmark, in cooperation with our suppliers, ensures that proper processes are in place for our continued compliance with international material restriction regulations including the European Union's Registration, Evaluation, and Authorization of Chemicals (REACH) regulation, which seeks to improve the public health and the environment by controlling the production and use of harmful chemical substances. In 2008, Lexmark completed the first steps of REACH, including pre-registration, material review and required communications associated with the initial release of the Substances of Very High Concern (SVHC) candidate list of chemicals. As REACH evolves with chemical registration deadlines and new chemicals being added to the SVHC list on a regular basis, Lexmark will continue to track REACH developments and comply with all requirements of the REACH legislation. More information regarding Lexmark's REACH initiatives can be made available to our customers by request.

MONTREAL PROTOCOL

Lexmark products also follow the Montreal Protocol. Lexmark prohibits the use of ozone-depleting chemicals in the manufacture and development of Lexmark products.

PAPER

Lexmark aggressively tests recycled papers - specifically papers made with 30 percent, 50 percent and 100 percent post-consumer recycled content - on all Lexmark imaging devices. Our expectation is that the runnability of recycled papers in Lexmark devices will be equivalent to the runnability of virgin fiber paper. While no all-encompassing official standard exists for office equipment use of paper, Lexmark has studied and employed European Standard EN12281 as a minimum properties and runnability guide for test paper. Test paper includes 100 percent recycled papers from Europe and Asia, to ensure breadth of testing, as well as testing at eight percent to 80 percent relative humidity, in an attempt to cover all physical paper variables relevant to office equipment use. Testing includes automatic and manual duplex printing which has the potential to be challenging with some recycled papers.

Lexmark has begun offering a limited number of environmentally preferable papers for sale in the Europe. Lexmark's PerfectFinish™ photo paper is made with materials harvested from Programme for the Endorsement of Forest Certification certified forests. This paper is readily available at retail in Europe and on the Lexmark Web site in Europe.

MATERIAL SAFETY DATA SHEETS

Current Material Safety Data Sheets are available on the Lexmark Web site. [Click Here](#)

ENVIRONMENTAL SOLUTIONS

Making Green Easy with Lexmark’s Environmental Solutions



Around the world, Lexmark is focused on educating customers on the conservation of paper and energy. A recent survey conducted by Lexmark found that UK workers are printing fewer business documents. The poll found that 73 percent of respondents were printing fewer emails, while another 53 percent had cut back on printing general business and marketing documents. A further 41 percent said they were also more restrained when it came to printing financial records.

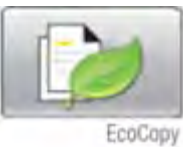
However, the green message was ineffective in some cases as some users admitted they forgot to use environmentally preferred print settings.

Lexmark aims to help customers reduce print impacts on the environment and change some ingrained employee habits. Here are some of the print solutions that automatically help customers reduce paper and energy usage.

ECO-MODE

In 2009, Lexmark began offering Eco-Mode on all of its inkjet printers. Eco-Mode allows users to save paper and energy with a touch of the button. Eco-Mode automates two-sided printing, faxing and copying, saving businesses up to 50 percent of their paper usage and lowering overall costs. Eco-Mode also enables energy-saving features including power-saving mode (printer sleeps after 10 minutes of inactivity) and dimming of the LCD screen reduce power consumption by up to eight percent. No other printer manufacturer offers such a convenient method to set environmentally friendly print settings. Eco-Mode is also available on Lexmark laser products and can reduce energy consumption by up to 25 percent.

ECO-WIDGETS



In 2009, Lexmark released its first environmentally beneficial widget, EcoCopy. EcoCopy is one of Lexmark’s SmartSolutions which can be downloaded for use with Lexmark’s Web-enabled, all-in-one devices. EcoCopy gives users the ability to reduce paper and ink waste with the touch of a button.

PRINT RELEASE



Studies have shown that one out of every five-to-six pages printed are never picked up. This waste can be eliminated with Print Release. Print Release allows users to send a print job from their workstations or mobile devices to be stored and printed at a later time on select Lexmark MFPs and stand-alone devices. The solution enhances security by eliminating the gap between document printing and pickup so that confidential jobs do not sit at the printer. It also cuts costs by deleting jobs from the queue if not printed within a specified time — no more unnecessary printing of “forgotten” or obsolete jobs.

Some Lexmark customers use Print Release to help meet their companies' sustainability goals through its ability to reduce the amount of pages printed. Other customers use Print Release as a “Print Anywhere” solution for their traveling employees. Traveling employees can print their jobs to the Print Release driver and release the job at the Lexmark device at whichever office they happen to be in that day. There is no need to load print drivers for that office or find someone to print them.

Lexmark’s newest Print Release application, which was released in 2011, provides enhancements that position us to better serve customers’ needs:

- **My e-Task** – Authenticate once and the device is set to your desired language, copy and e-mail settings and shortcuts
- **Session based authentication** – Start another task without swiping your badge or entering your credentials again
- **Print and keep** – Keep a print job on the queue after it is printed so you can print it again later
- **Print preview** – On select models, preview a job before printing and print only the desired pages
- **Scan to self** – Easily scan documents to your e-mail
- **User delegation** – Delegate authority to release your print jobs to another user such as your administrative assistant
- **User web portal** – View your Print Release queue, personal job summaries and reports, assign a print release delegate, and set My e-Task preferences and shortcuts

DUPLEX

By far, the dominant contributor to the carbon footprint of a multi-function printer is paper. An MFP will print millions of pages during its service lifetime and paper consumption will account for up to 80 percent of its total carbon footprint. In response to this negative impact, Lexmark is committed to designing and producing more and better duplex printers.

ADVANCED DEVICE STATISTICS

With Advanced Device Statistics, data is gathered from the managed assets in place at the customer’s locations throughout the world, and reports are generated on various statistics such as use of duplex and scanning options. The reports also compare customer metrics to other managed accounts in the same industry. The wealth of information can be turned into actionable recommendations to reduce print, lower costs, and generate additional sustainability benefits to the organization.

DOWNTIME REPORTS

Lexmark develops software solutions that not only make processes more effective and efficient, but also reduce printing and its impact on the environment. One such solution is Downtime Reports, which was developed for the healthcare industry. Following is an example of the economic savings and environmentally positive results of Downtime Reports.

Lexmark partnered with Gwinnett Medical Center (GMC), a not-for-profit healthcare network north of Atlanta, to implement a software solution that would ensure patient information was available during a network outage without printing a single page.

Medical personnel need to have access to patient records 24/7. When network outage occurs at a hospital, patient records on the network become inaccessible. To address this issue, GMC printed patient records – approximately 5,000 pages of backup patient reports were printed twice daily.

The reports were rarely used and contained outdated information (information could be up to 12 hours old). The approach was also costly to the medical center and to the environment. In fact, the practice consumed 3.6 million sheets annually, the environmental equivalent of 471 trees per year. Adding to the complexity and cost of this approach, HIPAA privacy requirements mandated that these reports be confidentially shredded.

To eliminate the twice-daily printing – and shredding – of rarely used reports, GMC implemented Lexmark downtime Reports on its Lexmark MFPs. Downtime Reports ensures 24/7 access to critical patient forms and reports. As IT generates updated information, information is aggregated and streamed to the secure, encrypted internal hard drives of designated on-premises Lexmark printers or MFPs. During a downtime event, an authorized user can visually open an electronic folder on the Lexmark MFP touchscreen and choose which records to print. All that’s needed is electrical power.

Thanks to this and other solutions provided by Lexmark, GMC retired 40 single-function printers, faxes, and scanners and reduced printing by 3.6 million pages annually, saving more than \$200,000 on paper alone.

PRINT LESS & LEXMARK



Lexmark is helping customers conserve energy and paper.

[Watch Video](#)

LEXMARK AT WORK (L@W)



After more than two years in operation, LaW continues to leverage Lexmark’s

global capabilities and complete portfolio of offerings – technology, software, solutions and services – with impressive results. New solutions and services have been introduced as the program has expanded to all Lexmark locations around the world, and have resulted in tremendous gains globally, cutting the impact nearly in half.

VOLUNTARY ENVIRONMENTAL CERTIFICATIONS

ENERGY STAR®

Lexmark is committed to designing energy-efficient products. This is evident by the number of our products that are Energy Star certified. Launched in 1992, Energy Star is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy that has grown into a globally recognized symbol for energy-efficient products and practices.

As a charter Energy Star partner, Lexmark is committed to supporting the Energy Star program through energy-efficient product design. In fact, 100 percent of Lexmark devices released in 2011 are Energy Star certified and included an Auto Duplex feature. This was achieved through the development and release of products with Instant Warm Up fusing technologies and factory-standard duplex options.

On a global scale, many available Lexmark laser products meet the power consumption requirements of Germany's highly-respected Blue Angel environmental certification.

YEAR ON YEAR, LEXMARK INCREASED THE ENERGY EFFICIENCY OF ITS ENTIRE FLEET OF PRODUCT OFFERINGS.

Product Segment	2010 Energy Efficiency Metric	Metric 2011 Energy Efficiency Metric
Inkjet Products ¹	Fleet Average of 0.515 kwh / week	Fleet Average of 0.425 kwh / week
Laser Products ²	Fleet Average of 0.153 Energy Star TEC / PPM	Fleet Average of 0.150 Energy Star TEC / PPM

YEAR ON YEAR, LEXMARK INCREASED THE NUMBER OF ENERGY STAR QUALIFIED MODELS.

% of Product Offerings that meet Energy Star

Product Segment	2010 Product Offerings	2011 Product Offerings
Inkjet Products	92%	100%
Laser Products	83.5%	89% ³

	ENERGY STAR QUALIFIED MODELS	MODELS THAT MEET ENERGY STAR ENERGY REQUIREMENTS BUT DO NOT MEET THE AUTO-DUPLEX REQUIREMENTS	MODELS THAT DO NOT MEET ENERGY STAR ENERGY REQUIREMENTS
Color laser products	C540dw, C543dn	C540n	
	C544dn, C544dtn, C544dw, C546dtn	C544n	
	C746dn, C746dtn	C746n	
	C748de, C748dte	C748e	
	C925de, C925dte		
	C950de		
	X543dn		
	X544dn, X544dtn, X546dtn	X544n	
	X548de, X548dte		
	X746dn, X746dtn		
	X748de, X748dte		
	X792de, X792dte, X792dtfe, X792dtme, X792dtpe, X792dtse		
	X950de		
	X952de, X952dte		
	X954de, X954dhe		
Mono laser products	E260d, E260dn, E260dtn	E260n	
	E360dn, E360dtn	E360n	
	E460dn, E460dtn, E462dtn		
	T650dn, T650dtn		T650n
	T652dn, T652dtn	T652n	
	T654dn, T654dtn	T654n	
	T656dne		
	W850dn, W850dtn	W850n	
	X203n, X204n		
	X264dn, X264dw		
	X463de, X464de, X464dte, X466de, X466dte, X466dwe		
	X651de, X652de		
	X654de, X656de, X656dte		
	X658de, X658dte, X658dfe, X658dme, X658dtfe, X658dtme		
	6500e+T654dn		
Inkjet products ⁴	X860de 3, X860de 4		
	X862dte 3, X862dte 4		
	Pro4000, Pro4000c, Pro5500, Pro5500t		
	Pro 912, Pro915, Pro919		
	Pro715, Pro719		
	S515, S519		
	S415, S419		
	S315, S319		

BLUE ANGEL

Lexmark product designers have long looked to the Blue Angel standard for environmental design guidance. [Blue Angel](#), an environmental certification established 1978 in Germany, is one of the most prestigious green certifications awarded worldwide. In the summer of 2008, Lexmark first sought Blue Angel RAL-UZ 122 certification for select Lexmark laser products and has worked to expand the number of Blue Angel RAL-UZ 122 certified devices. As of 2011 the following products held Blue Angel certification:



C540n	C792de	T652dn	X543dn	X658dtfe	X860de 3	XS734de
C543dn	C792dhe	T652dtn	X544dn	X658dtme	X860de 4	XS736de
C544dn	C792dte	T654dn	X544dtn	X734de	X862de 3	XS748de
C544dtn	C950de	T654dtn	X544dw	X736de	X862de 4	XS796de
C544dw	CS748de	T656dne	X546dtn	X738de	X862dte 3	XS796dte
C546dtn	CS796de	W850dn	X548de	X738dte	X862dte 4	XS860de 4
C734dn	E260d	X264dn	X548dte	X746de	X864de 3	XS862de 4
C734dtn	E260dn	X363dn	X651de	X748de	X864de 4	XS864de 4
C734dw	E360d	X364dn	X652de	X748dte	X864dhe 3	XS950de
C736dn	E360dn	X364dw	X654de	X792de	X864dhe 4	XS955de
C736dtn	E460dn	X463de	X656de	X792dte	X950de	XS955dhe
C746dn	E460dw	X464de	X656dte	X792dtfe	X952de	
C746dtn	E462dtn	X466de	X658de	X792dtme	X952dte	
C748de	T650dn	X466dte	X658dfe	X792dtpe	X954de	
C748dte	T650dtn	X466dwe	X658dte	X792dtse	X954dhe	

Lexmark is actively monitoring the Blue Angel RAL-UZ 122 revision and will assess product status when the requirements are finalized in 2012, placing new requirements as design goals if not already achieved.

ELECTRONIC PRODUCT ENVIRONMENTAL ASSESSMENT TOOL (EPEAT)

On October 5, 2009, President Barack Obama signed Executive Order 13514, which calls for federal agencies to purchase products that are environmentally preferable and to give procurement preference for Electronic Product Environmental Assessment Tool (EPEAT) registered electronic products. Lexmark supports the U.S. federal government in its goal of setting a leadership role in environmental stewardship, energy efficiency and economic recovery.

The EPEAT system and the environmental criteria for computers and monitors were originally developed in a multi-stakeholder process. EPEAT's environmental criteria are contained in an Institute of Electrical and Electronics Engineers (IEEE) public standard, IEEE 1680. The system currently covers desktop and laptop computers, thin clients, workstations and computer monitors (IEEE 1680.1).

The IEEE Standards Association is currently balloting the IEEE 1680.2 standard, which will be used by EPEAT to qualify imaging equipment. The standards development process is complicated, requires the participation of many stakeholders with various agendas and requires the completion of numerous review processes before the standard is approved and subsequently published.

Lexmark is participating in the ongoing IEEE 1680.2 standard development process. Approval and publication of the standard is anticipated within the next 12 to 18 months. Until the standard is approved and published, requirements will be uncertain. Lexmark, therefore, cannot provide forward looking statements as to whether specific products will be qualified to any anticipated standard criteria level required for the EPEAT registry. When IEEE 1680.2 is approved, Lexmark will make a full assessment of our product offerings and reveal that assessment to our clients.

OTHER CERTIFICATIONS

Lexmark products are certified to a number of other voluntary environmental certifications worldwide. These certifications include the Canada Eco Logo (CCD-035), China certification HJ/T 302-2006 and Taiwan Green Mark.

ECMA 370 (THE ECO DECLARATION)

Lexmark has provided ECMA 370 (The Eco Declaration) for laser and inkjet products for many years. Formerly known as IT Eco Declarations, ECMA 370 declarations provide objective and comparable environmental information.

Lexmark, along with other Imaging Equipment Manufacturers, signed the Industry Voluntary Agreement on Improvement of Environmental Design of Imaging Equipment in the EU in June 2011. This agreement commits manufacturers to make certain environmentally friendly changes, including posting ECMA 370 (The Eco Declaration) on a publicly available web site. [Click here](#) to view the ECMA 370 (The Eco Declaration) listing.

Additionally, Lexmark provides IT Eco Declarations for laser and ink print supplies upon request.

1. Inkjet Product Energy Efficiency Metric is the Electricity Usage Per week (kwh/week) calculated using the usage pattern for Workgroup Inkjet Printers/MFDs given in Table 40 of the EuP Preparatory Study Lot 4 (IE), Task 4 Final Report, pg 47

2. Laser Products Energy Efficiency Metric is the Energy Star Typical Electricity Consumption (TEC) divided by the product Speed in Pages per Minute (PPM). Since the TEC Metric increases products usage with the product speed, dividing by product speed normalizes the TEC value.

3. At the time of the release of this report

4. While 89 percent of Lexmark's currently available models are Energy Star certified, nearly 100 percent (all but one model) meet the energy requirements of Energy Star.

ENVIRONMENTAL ENGAGEMENT

At Lexmark, we believe in the importance of developing a culture of sustainability. This culture goes well beyond operations that make efficient use of resources and designing products with the environment in mind. Our goal is to engrain sustainability in all we do at work and at home.

North America

SUSTAINABILITY SPEAKERS SERIES

In Lexington, Lexmark sponsored a program as part of its Sustainability Speakers Series with Anna Newell Jones, freelance journalist, CNN contributing editor, photographer and blogger based in Denver, who talked about her year of sustainable living.

For a full year, Ms. Jones and her husband downsized their lives. They took the bus or walked instead of using the car and they turned the thermostat down. In 2010, their only purchases were necessities – no eating out, no clothes shopping, no store-bought gifts.

The result: A dramatic reduction in their environmental footprint and a financial savings of nearly \$18,000. To learn more about Ms. Jones, [click here](#).



Sustainability Speakers Series featuring Anna Newell Jones

ARBOR DAY VOLUNTEERS

Lexington employees annually collaborate with the Lexington Fayette Urban County Government / University of Kentucky Arboretum and other local businesses and organizations to sponsor a community Arbor Day celebration that was open to the public. Arbor Day festivities included environmental exhibits and demonstrations, educational sessions, entertainment and visits from Smokey the Bear, Woodsie and Rosie.



Arbor Day celebration sponsored by Lexmark

Latin America

EARTH HOUR

Lexmark employees in Juárez, Mexico, and elsewhere around the globe, participate in Earth Hour each year by turning off the lights at work and at home for one hour. To learn more about Earth Hour, [click here](#).

Europe

ENERGY EXPOSITION

The 2011 International Environmental Industry, Energy Efficiency and Renewable Energy Exhibition was held in Budapest in 2011. The event, termed Okoindustria, covered many environmental issues: renewable energies, energy efficiency, eco-building, climate protection, prevention, waste, secondary raw material and production from waste, water, soil, biotechnology, air, noise and vibration protection. Lexmark participated and many employees attended.



Lexmark Budapest employees at Okoindustria

TESZEDD CAMPAIGN

Lexmark Budapest joined the Hungarian nation wide “Teszedd” campaign. Over 160.000 volunteers helped clean up certain underdeveloped public areas in their neighborhood. Lexmark employees collected dozens of sacks of waste.

KINDERGARTEN RENOVATION

In Budapest, Lexmark employees and their family and friends renovated and painted the wooden benches, jungle gyms and rest huts at a kindergarten. Afterward, a well deserved meal was served at the site.

Asia Pacific

BUHISAN WATERSHED AND FOREST RESERVE

Employees of Lexmark International the Philippines Inc. (LIPI) attended the Save the Buhisan Watershed Project Donor's Recognition and Forum at the MCWD facility in the Buhisan Watershed and Forest Reserve.

The Save the Buhisan Watershed Project is implemented with partners from the public and private sectors and aims to sustain the Buhisan Watershed through multi-stakeholder partnerships, eco-friendly livelihood and enterprise development and environmental rehabilitation initiatives like reforestation. This engagement showcases the different projects implemented in Buhisan, that are sustainable and replicable examples of corporate social responsibility initiatives.



Ribbon cutting at Save the Buhisan Watershed Project Donor's Recognition and Forum

The Save the Buhisan Watershed Project was launched in 2008 as part of Cebu's environmental response to the United Nation's Millennium Development Goals. We are now in the fourth year of the project, during which time we helped collect PHP5.6 million to support various projects.



FINANCE AND ECONOMICS

ECONOMIC PERFORMANCE AND MARKET PRESENCE

Lexmark International, Inc. (NYSE: LXX) provides businesses of all sizes with a broad range of printing and imaging products, software, solutions and services that help customers to print less and save more. Perceptive Software, a stand-alone software business within Lexmark, is a leading provider of process and content management software that helps organizations fuel greater operational efficiency. In 2011, Lexmark sold products in more than 170 countries and reported more than \$4 billion in revenue.

For information regarding Lexmark's organizational profile; direct economic value generated and distributed; the financial implications; and the coverage of the defined benefit plan obligations and related topics, please refer to the current 10-K in the [investor relations section](#) of the Lexmark Web site.

INDIRECT ECONOMIC IMPACTS

Lexmark's presence has positive impacts on the economies of the communities surrounding our locations through our efforts to provide above-average employee compensation and use of local resources where possible. 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 around the world offer salaries and benefit plans that are highly competitive in each of the countries in which we operate. Plans are benchmarked frequently to ensure that compensation and salary levels remain competitive and allow us to attract and retain employees in each region. These efforts to provide above-average employee compensation have a favorable economic impact on the markets in which we do business. Lexmark received no significant financial assistance from the government in 2011, and government is not present in the shareholding structure.

HIGHLIGHTS



Dow Jones Sustainability World Enlarged Index

Lexmark has been selected for inclusion in the prestigious index.

[Read More](#)



Maplecroft's Climate Innovation Index

Lexmark is ranked 15th out of the top 100 leading companies on the Maplecroft Climate Innovation Index.

[Read More](#)



Financial transparency

Our redesigned investor relations Web site makes it easier for interested parties to access information.

[Read More](#)



Recent acquisitions

To learn more about Lexmark acquisitions, [click here](#).

SOCIALLY RESPONSIBLE INVESTING

Investors today are not only seeking companies that perform well financially but also those that perform well through the lens of social responsibility. In particular, people want the companies in which they invest to be conscious of the environment, highly regard human rights and be good citizens to their neighbors. Socially responsible investing is coming to be the norm. In keeping with this trend, Lexmark's three ongoing investment agreements include human rights clauses specifically prohibiting investments in companies which engage in discrimination based upon race, color, religion, gender, sexual orientation, gender identity, national origin, disability, age or veteran status.

Lexmark engaged in several non-traditional significant investment agreements during this reporting period– the acquisition of [Brainware](#), [ISYS Search Software](#), [Nolij Corporation](#) and [Pallas Athena](#). All four companies join [Perceptive Software](#), a stand-alone business unit within Lexmark. These investment agreements moved Lexmark into a position of ownership of these entities.

FINANCIAL TRANSPARENCY

It's easier than ever for interested parties to get financial information from Lexmark, thanks to a redesign of the Company's investor relations Web site. The aim of the changes was to allow users to quickly access the information they need to better understand Lexmark. Information is now close at hand and easy to access directly from the landing page of the site. Information such as [quarterly earnings materials](#), recent news releases, audios of conference calls and 10-Q quarterly filings are readily available in one spot.

The enhancements can be seen below and at <http://investor.lexmark.com>.

[Home](#) > [About Us](#) > Lexmark Investor Relations

Investor Relations

Investor Relations

Financial Information

Stock Information

Corporate Governance

News

Events

Investor Resources

LXK Stock Quote

Price **\$26.63**

Change ▼0.67

Volume 821,596

Data as of 05/17/12 4:00 p.m. ET

Minimum 20 minute delay

[Refresh quote](#)

Lexmark Investor Relations

Profile

Lexmark International, Inc. (NYSE: LXX) provides businesses of all sizes with a broad range of printing and imaging products, software, solutions and services that help customers to print less and save more. Perceptive Software, a stand-alone software business within Lexmark, is a leading provider of enterprise content management software that helps organizations easily manage the entire lifecycle of their documents and content, simplifying their business processes, and fueling greater operational efficiency. In 2011, Lexmark sold products in more than 170 countries and reported more than \$4 billion in revenue.

Events

DATE	TITLE
05/22/12 9:00 a.m. ET	Barclays Capital Global Technology, Media and Telecommunications Conference
05/31/12 8:00 a.m. ET	Lexmark International, Inc. at Sanford C. Bernstein & Co. Strategic Decisions Conference

Financial Materials

[More >>](#)

DATE	TITLE
03/15/12	2011 Proxy Statement
03/02/12	2011 Annual Report/ 10-K
04/24/12	1Q12 Earnings Release
04/24/12	1Q12 Earnings Slide Presentation
04/24/12	1Q12 Earnings Conference Call (Replay)

Recent Announcements

DATE	TITLE
04/26/12	Lexmark increases quarterly dividend by 20 percent
03/19/12	Lexmark Acquires ISYS Search Software and Noli
03/05/12	Lexmark Acquires Brainware
10/18/11	Lexmark Acquires Pallas Athena

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[Financial Tear Sheet](#)

WORKPLACE

Safe, healthy working conditions, job security and an opportunity for growth and advancement are considered fundamental human rights for employees of Lexmark.

All decisions related to our workforce – internally and through our supply chain – are made with those rights in mind. The pages within this section expand upon our commitment to the betterment of our employees’ and their families’ lives including opportunities for personal growth and empowerment such as training and ongoing education.

Among the many commitments discussed in this section are fair employment practices and diversity. We adhere to these practices in hiring, as well as when interacting with our employees. Lexmark embraces the conventions of the International Labour Organization (ILO) that aim, among other things, to promote open channels of communication among employees.

Lexmark has long been committed to diversity in our workplace. That diversity not only stimulates and benefits our employees, but is good for business. Challenges, issues and questions studied through the lenses of diverse perspectives are those that have the best chance of successful resolution.

We also have a supplier diversity program in place that helps ensure that all businesses have ample opportunities to become a part of the Lexmark supply chain. Adhering to all of these principles means that we can hire and retain the best people and that they can do their best work. We are committed to cultivating our most valuable partnership—that which we have with our employees.

HIGHLIGHTS



Addressing conflict minerals

Lexmark is committed to positive labor practices in our facilities as well as our supply chain.

[Read More](#)



Child care and wellness

Child care and wellness are concerns for our employees and are being implemented in our employee benefits.

[Read More](#)



Employee engagement

Communication with employees is an important part of the Lexmark community and culture.

[Read More](#)



Supplier code of conduct

All Lexmark suppliers are required to comply with the human rights guidelines outlined in the supplier code of conduct.

[Read More](#)

HUMAN RIGHTS

Lexmark upholds the human rights of its employees and treats them with dignity and respect as understood by the international community. We follow well-regarded guidelines, such as the Universal Declaration of Human Rights (UDHR), Social Accountability International (SAI) and the Ethical Trading Initiative (ETI).

EMPLOYEE RIGHTS

Lexmark is committed to providing a work environment free from harassment or discrimination based on race, color, religion, gender, sexual orientation, gender identity, national origin, age, disability, veteran status, or for any other unlawful reason. This policy is driven by Lexmark's respect for the dignity of the individual and commitment to treating all persons equitably. We investigate all credible complaints of discrimination brought to the attention of management and deal with them in an expedient and non-retaliatory manner. For example, in the U.S., employees who are found to have engaged in harassment or discrimination according to the terms of this policy, or to have misused their positions of authority in this regard, are subject to immediate disciplinary measures, up to and including dismissal.

Like Lexmark, Perceptive upholds the human rights of its employees and treats them with dignity and respect as understood by the international community. Perceptive closely monitors its operations to ensure that adherence to accepted standards regarding freely chosen employment, child labor, discrimination, harsh or inhumane treatment, minimum wage and freedom of association. Perceptive has not been cited for any human rights violations.

Lexmark adheres to the conventions of the International Labour Organization (ILO) that aim to promote workers' rights, fair employment opportunities and unimpeded 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. Lexmark has not identified any operations where employee rights to exercise freedom of association of collective bargaining may be at risk.

Other ILO and United Nations Global Compact (UNGC) initiatives include the abolition of forced labor, the freedom of association and the prohibition of child labor. These initiatives are discussed in Lexmark's Supplier Code of Conduct to which Lexmark and applicable Lexmark suppliers are bound. The Supplier Code of Conduct also discusses Lexmark's policy on Freely Chosen Employment. The Company has not found any of its operations to have significant risk for incidents of forced or compulsory labor or child labor or young workers exposed to hazardous work.

No Lexmark employees are represented by collective bargaining units. Works Councils are established at certain of Lexmark's European locations which, on behalf of employees, require employers to provide company information for review and to engage in consultation on certain company decisions. Information on the European Works Councils (EWCs) is available at <http://www.etuc.org/r/57>

All of Lexmark's security personnel – including contracted security personnel—have been trained in the organization's policies on, or specific procedures for, human rights issues and their application to security.

In our experience, open communication and direct engagement between workers and management are key factors in resolving any workplace issues. Whenever possible, Lexmark provides employees several weeks notice of significant operational changes that could substantially affect them.

Lexmark has not identified any incidents involving indigenous rights among the organization's own employees or in communities near existing operations that are likely to be affected by planned or proposed future operations.

EQUAL EMPLOYMENT OPPORTUNITY (EEO)

Lexmark is committed to equal opportunity 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.

Lexmark does not have a global policy for granting preference to local residents when hiring in significant locations of operation. However, most employees at each location are local hires 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 a few weeks or for as long as a few years.

Lexmark currently requires training on the human rights aspects of EEO and Affirmative Action which is part of the 40 average hours of training per manager. Starting in 2011, all new Lexmark employees were required to review the supplier code of conduct, which addresses EEO and aspects of human rights relevant to operations.

We investigate all credible complaints of discrimination brought to the attention of management and deal with them in an expedient and non-retaliatory manner.

In the interest of privacy and respect for legal limitations, Lexmark cannot disclose information about specific cases. Actions taken in response to incidents include reviewing the incident as well as the development and implementation of remedial plans.

LEXMARK'S POSITION ON CONFLICT MINERALS



Conflict minerals are minerals mined in conditions of armed conflict and human rights abuses, notably in the eastern provinces of the Democratic Republic of the Congo. The most commonly mined minerals are cassiterite (the chief mineral used in the production of tin, the main ingredient of solder), wolframite (a source of the element tungsten and is not usually used in electronic equipment other than telephonic vibrating mechanisms), coltan, a derivative of columbite-tantalite (primarily used in capacitors), and gold (sometimes used in electronics such as semiconductors). These minerals are extracted and passed through a variety of intermediaries before being purchased by multinational electronics companies.

Consistent with our commitment to social responsibility, Lexmark works through the EICC to support positive labor practices. We work directly with our suppliers—and their suppliers in turn—to ensure that minerals we use do not originate from conflict sources. Exploitation and trade of conflict minerals originating in the Democratic Republic of the Congo are challenging issues for all companies since there is no mechanism to chemically trace minerals to their source.

EMPLOYEE HEALTH AND SAFETY

The health and safety of Lexmark employees is of paramount importance to company management. We strive to offer places of work that are free from unsafe equipment, situations and practices and monitor facilities for safety issues on an ongoing basis. All of our main locations, including Boulder, Lexington, Budapest, Cebu and Juárez have safety committees comprised of Lexmark employees. The members of these committees represent the interests of all workers.

Occupational Health and Safety Advisory Services (OHSAS) is a multidisciplinary organization with expertise in a comprehensive range of occupational health and safety skills. OHSAS 18001 is a voluntary standard that guides organizations in establishing health and safety management systems for their businesses. All Lexmark-owned and leased manufacturing facilities in Boulder, Colorado; Cebu, Philippines; Lapu-Lapu, Philippines; Lexington, KY; and Juárez, Mexico, have received OHSAS 18001 certification. To assure our facilities are ISO 14001 and OHSAS 18001 certified, Lexmark spends up to \$10,000 per facility for fees related to that certification.

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

All Lexmark facilities are guided by the Company's Corporate Environmental, Health and Safety Instructions, which define the essential programs that each facility must manage in order to meet the objectives of our health and safety policies. It is mandatory to develop written programs that assure legal and regulatory compliance has been adequately addressed. Any changes to health and safety procedures are communicated to all applicable employees through bulletin boards, internal Web site postings, electronic communications, handbooks and meetings with managers.¹

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

All employees and contractors receive health and safety training and are encouraged to report concerns about health and safety issues. This training includes policy and is provided in stand-up classrooms, online courses and on the job, depending on which best fits the need. 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 used, regulations and other factors. Lexmark does not have workers who are involved in occupational activities that have a high incidence or high risk of specific diseases.

Safety performance of subcontractors is reviewed during initial contract discussions. The subcontractors must have proof that their employees are properly trained and aware of all health and safety aspects of the jobs they will perform on behalf of Lexmark.

Compliance and safety teams conduct audits and inspections on a regular basis with all aspects of the health and safety management systems covered in these activities. Findings are documented, entered into the corrective and preventive action system and tracked to ensure actions are completed in a timely fashion. Follow-up inspections verify completion and effectiveness of the actions taken. Best-practice measures 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. One feature of emergency preparedness training is an icon on Lexmark's internal Web site that will play audio of the different tones of a fire alarm and a tornado warning.

1. Lexmark employees are not represented by unions; therefore, there are no formal work agreements in which health and safety is addressed.

OHSAS CERTIFICATES

- Boulder, Colorado [Certificate](#)
- Cebu, Philippines [Certificate](#)
- Juárez, Mexico [Certificate](#)
- Lapu-Lapu, Philippines [Certificate](#)
- Lexington, Kentucky [Certificate](#)

TO SEE ISO 14001 CERTIFICATES
[CLICK HERE.](#)

SAFETY PERFORMANCE MEASUREMENTS

Two important measures of safety performance are injury rate and lost workdays rate. Lexmark's overall reportable rate for 2011 was 0.37 and the industry average was 1.50. Our lost workday rate was 0.25 while the industry average was 0.80.

CONTINUING EDUCATION AND CAREER ADVANCEMENT



Lexmark encourages professional and personal growth for each employee and supports continued education as a way to help employees become more effective in their current positions and develop skill sets for future positions. Development opportunities are based on employees’ development plans that highlight their career goals, interests, strengths and development areas, both short term and long term. Employees are encouraged to find a mentor, in addition to utilizing their manager, to provide guidance and support to their growth efforts.

Continuing education opportunities include a tuition reimbursement program. The requirements and benefits vary by location, but provide 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 ability.

Internal learning opportunities include extensive training in technical and business skills delivered both at the corporate level and through resources within various business areas. Learning occurs through instructor-lead courses and 24/7 via iLearn, Lexmark’s worldwide online learning platform, which offers extensive libraries, including proprietary offerings. At the corporate level, leadership training and participation in such company-wide development programs as operational excellence and change management are offered.

All employees are required to complete the "Code of Conduct," "IT Security" as well as various required learning courses based on location every year. Additional examples of course offerings include Global Teamwork courses to help employees understand and work more cohesively together in an international environment as well as on boarding, and open enrollment sessions to learn more about the business. In the U.S, new managers are required to attend at least 24 hours of training with similar programs being offered worldwide.

Lexmark’s 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 resumés for their benefit as well as Lexmark’s. Approval is based on the relevance of the study program to Lexmark’s goals and interests, academic and work records and the business needs at the time of the proposed Educational Leave. The duration of an Educational Leave depends on the time required to complete the approved course of study, but is typically no more than four years.

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

2011 CONTINUING EDUCATION TRAINING				
EMPLOYEE CATEGORY*	NUMBER OF EMPLOYEES	X AVERAGE TRAINING HOURS	=	TOTAL HOURS (ESTIMATED)
Executive Vice President	59	25		1,475
Director	188	40		7,520
Manager	1,129	40		45,160
Individual Contributor	11,867	40		474,680
<i>These numbers are based upon the corporate-level systems that capture employee development activities and do not include formal education paid for in part by Lexmark. Therefore, the actual hours will be greater than reported in some employee categories.</i>				
<i>*Lexmark senior management includes Directors and Executive Vice Presidents.</i>				

EMPLOYEE BENEFIT PLANS

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

In 2011, Lexmark engaged Horizons Workforce Consulting to evaluate how we can better support the needs of our employees and their families. A short employee survey was an essential part of this process. Our employees' input provided 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 U.S. are eligible for the same benefits (on a pro-rated 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 benefit plans, Lexmark offers three days of paid Volunteer Time Off to allow employees to contribute to their communities without taking vacation time or time off without pay. Additional information regarding our benefits obligations can be found in our [Annual Report on Form 10-K](#).



Lexmark employees may receive the following benefits.
(Benefits vary by location.)

FINANCIAL	TIME AWAY FROM WORK	AT WORK	WELLNESS
Adoption Assistance	Vacation	Nursing Facilities	Healthcare Insurance
Education Benefits	Special Leave (Marriage/Bereavement/Compassionate)	Childcare in Close Proximity to Lexmark Facilities	Dental Insurance
Relocation Assistance	Paid Sick Days	Travel Assistance Programs	Vision Insurance
Employee Bonus Program	Paid Maternity/Paternity Leave	Service Awards	Life Insurance
Employee Referral Programs	Modified Working Schedules for Nursing Mothers	Marriage, Birth, Condolence Recognition	Accidental Death and Dismemberment (AD&D) Insurance
Lexmark Incentive Program	Sabbatical Program	Social Clubs	Short- and Long-Term Disability Insurance
401(k)/Retirement Plans	Flex Time Program	Onsite Childcare (coming 2012/2013)	Employee Assistance Program
Healthcare and Childcare Flexible Spending Accounts	Telecommute Program		Wellness/Fitness Program
Employer Retirement Contributions	Work/Life Support Program		Onsite Health Clinics
Employee Discounts			Onsite Fitness/ Sporting/Recreation Facilities
Allowances (meal, rice, transportation, laundry and medical)			Onsite Wellness Facility (coming 2012/2013)
Disaster Assistance			
Health Savings Account			
Financial Planning Tools			
Tuition Reimbursement			

EMPLOYEE HEALTH AND HOUSING PROGRAMS

Recognizing that adequate housing and proper healthcare are vital human needs, Lexmark endeavors to provide its employees access to these two basic necessities. At corporate headquarters in Lexington, Kentucky, we maintain a free allergy clinic for employees who need regular shots and a travel clinic that allows employees who are traveling to stay current on required immunizations. This service allows employees the convenience of onsite care and improves productivity.

U.S. employees also have access to an online wellness program that allows them to track their health-risk factors, receive online education on health issues and provides a secure site for the storage of personal health records. In addition, Lexmark's Employee Assistance Program (EAP) makes professional counseling available for employees and family members on a wide range of personal problems, including substance abuse and marital issues.

Lexmark sponsors a weight-loss program for its employees. In one special program, teams of two to four were eligible to participate. Each member of the team with the highest total percentage lost will receive a \$250 voucher toward the purchase of a gym membership or home fitness equipment.

Lexmark offers its employees a wide range of training, educational materials and preventative measures including appropriate tools in the workplace for prevention of serious diseases. For example, during H1N1 outbreaks, employees were offered hand sanitizer and masks, and were encouraged to stay home when they were ill. Lexmark does not have workers who are involved in occupational activities which have a high incidence of high risk of specific diseases.

Employees are trained on ergonomic issues related to their jobs, receive guidance on injury prevention and are offered a variety of preventative equipment such as chairs and other workstation equipment to prevent injury. Employees can receive physical therapy as needed.

Prior to international travel, employees have access to free vaccinations at the company's travel clinic. They can also obtain a travel kit that includes antibiotics, antidiarrheal medicines and pain relief medicines. A medical and emergency assistance program designed to serve the needs of employees while working internationally is also available.



A Lexmark seminar for students and parents on drug prevention

In Juárez, Mexico, and Cebu, Philippines, employees have use of onsite medical care to help ensure that they and their families have access to modern facilities as well as health and wellness education. Also, in Juárez, employees receive free screening for various illnesses, preventative vaccines and eye exams. In the U.S., employees can choose to receive full medical, dental and vision insurance for themselves and their families. In China, employees are eligible for medical insurance, medical reimbursement for children, an annual routine health checkup, personal accident insurance, household property insurance, social pension insurance, a welfare fund and a housing fund. Also in China, where housing costs are high and availability is low, Lexmark offers some benefits related to living facilities. Utilizing these benefits is not mandatory, but it is available for those employees who wish to take advantage of this service. Lexmark also offers programs such as education assistance, flexible scheduling and paid time off for volunteer activities.

W H E N

W O R K

W O R K S

a project on

workplace effectiveness

and workplace flexibility

In September 2009, Lexmark received the When Work Works, Alfred P. Sloan Award for Excellence in Workplace Flexibility. Lexmark’s flexible work/life balance programs enhance operational efficiency, promote business goals and enrich the quality of life for employees. The Lexmark Telecommuting Program allows U.S. employees who receive approval from their manager to work from an alternate workplace. The Lexmark regular part-time program allows U.S. full-time employees to work a reduced schedule, with a minimum schedule of 20 hours per week. Lexmark also offers a paid Volunteer Time Off Program to encourage employees to participate actively in the life of their communities by volunteering their time, talents and resources. Full-time employees qualify for up to 24 hours of volunteer time off per calendar year. Part-time employees qualify for up to 12 hours per calendar year.

EMPLOYEE ENGAGEMENT

Communication with employees is an important part of the Lexmark community and culture. We strive to make that communication a true discourse, rather than a single channel, one-way dissemination of information. For example, Lexmark managers hold engagement ("stay") conversations with individual employees and round tables with employee groups. This commitment results in true engagement with employees that in turn results in mutual goodwill. The following are just a few examples of employee engagement at Lexmark.

QUESTIONS TO MANAGEMENT

Quarterly, a CEO update meeting is held for all employees that ends with an open question and answer session for the CEO and his direct reports.

TOWN HALL MEETINGS

Throughout the year, in an effort to keep employees informed on the many aspects of Lexmark's business activities, the Company holds "Town Hall" meetings, wherein various members of senior management report on a wide range of subjects. These include general business updates, marketing and product strategies, results on initiatives, research and development progress and many other topical issues. Question and answer sessions are included.



DEMOGRAPHICS

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



LEXMARK WORKPLACE

Lexmark’s workforce includes regular employees, temporary employees (limited assignments, students and co-ops) and contingent workers around the world. Our total workforce is approximately 17,600, of which 75 percent are regular employees. The complete breakdown by geography follows.

GEOGRAPHY	REGULAR EMPLOYEES	TEMPORARY EMPLOYEES/ CONTINGENT WORKERS
AP	4,480	737
EMEA	1,376	683
LA	3,221	527
North America	4,124	2,477
TOTAL EMPLOYEES:	13,201	4,424

Lexmark recognizes the value of tracking the turnover rate of our employees in the many countries in which we operate. We continuously look at ways to improve our view of employee attrition and are establishing system processes to enable us to better report and analyze global information. There was a slight decrease in regular employees in the Asia Pacific region while temporary employees and contingent workers increased in that region. The opposite was true in Latin America, where regular employees increased by four percent and temporary employees and contingent workers decreased by 15.5 percent. Overall employment increased slightly from 2010 to 2011.

BOARD OF DIRECTORS/EXECUTIVE MANAGEMENT

Lexmark’s Board of Directors is comprised of 12 directors, 11 of whom are independent. Two of the 12 board members (17 percent) are female while two (17 percent) are African-American. Eleven of the 12 board members are over 50 years of age. One of the seven executive management team members (14 percent) is female and one (14 percent) is Hispanic. Three of the team members (43 percent) are over 50 years old while four (57 percent) are 30–50 years old.

EQUAL PAY

Salaries vary within Lexmark, as they do in all companies, 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 with third-party agencies to conduct remuneration studies and we conduct other studies internally. For example, in the United States, an annual analysis is done by a third-party entity to ensure pay equity based on demographics. Actions taken in response to these analyses, including promotion of educational and career advancement opportunities and salary adjustments, help Lexmark uphold its commitment to equal pay for equal work.

LEXMARK SUPPLIERS

SUPPLIER DIVERSITY

At Lexmark, we strive to encourage and afford opportunities to minority suppliers. Lexmark’s supplier diversity program is founded on the Company’s values of mutual respect, corporate citizenship and integrity. Diverse businesses comprise a vital segment of the economy, and healthy diverse businesses are therefore advantageous to our financial performance and our community. Lexmark sets goals annually to increase contracting opportunities for eligible minority suppliers. These goals are reviewed to determine if they are attainable and represent a meaningful contribution to Lexmark’s supplier diversity program. All Lexmark employees are encouraged to take an active role in the support of the supplier diversity program by ensuring that all vendors are encouraged and given an opportunity to do business with Lexmark.

SUPPLIER RESPONSIBILITY

Our membership and participation in the [Electronic Industry Citizenship Coalition®](#) (EICC) has further strengthened our organizational efforts in support of human rights, labor standards and other CSR values. The Electronic Industry Citizenship Coalition® Code of Conduct is a code of best practices adopted and implemented by some of the world’s major electronics brands and their suppliers to improve conditions in the electronics supply chain. The code sets forth performance, compliance, auditing and reporting guidelines across five areas of social responsibility including labor, health and safety, environment, management systems and ethics policies. In accordance with EICC guidelines, beginning in 2008 Lexmark requested third-party audits for a number of its Tier 1 suppliers to monitor compliance in these areas.

Lexmark works with a multitude of direct and indirect suppliers. Approximately 100 of these account for the majority of Lexmark's direct spend. All Lexmark suppliers are required to comply with the Electronics Industry Code of Conduct which addresses human rights. In addition, we have increased the scrutiny of the human rights records of Lexmark suppliers.

ANALYZING AND MANAGING SUPPLY CHAIN RESPONSIBILITY

To better understand corporate social responsibility risks in the supply chain, Lexmark undertakes a spend analysis of that chain, analyzing for basic information (total number of suppliers, geographic spread, etc.), as well as social and environmental aspects such as supplier diversity and environmental factors. These spend analyses are conducted using specially developed data-collection tools and are conducted in collaboration with consultants specializing in supply chain analyses.

Over the last three years, 100 percent of Lexmark’s procurement spend was subject to our spend analysis process. Through this process we have identified critical suppliers—our high-volume/high-spend suppliers, suppliers of critical components and non-substitutable suppliers. Lexmark has nearly 13,000 suppliers, 2.7 percent of which have been identified as critical¹. We have also noted that the percentage of our critical Tier 1 suppliers for which Lexmark procurement represents more than 30 percent of the supplier's total revenues is less than one percent.

Less than one percent of our suppliers were determined to be of high risk, with the depth of that analysis varying based on the criticality of the risk. Based on the results of the spend analysis, Lexmark has chosen to conduct 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 [Electronic Industry Citizenship Coalition®](#) (EICC®). This code prescribes best practices related to environmental performance in operations, human rights (forced or child labor, freedom of association, ILO conventions), working conditions (working hours, layoff practices, remuneration), occupational health and safety and business ethics (corruption, anti-competitive practices).



Self audits and site audits against this code are conducted through the EICC. To date, approximately 200 Lexmark suppliers—including global key and strategic suppliers, those with which 2009 spend was over \$1 million and those that are Lexmark critical-part suppliers—were asked to complete the EICC Self-Assessment Questionnaire (SAQ) and enter performance data into a Web-based data collection and analysis tool that helps companies collect, manage and analyze social and environmental responsibility data from suppliers.

These suppliers account for a significant percentage of Lexmark's total procurement spend. Based on 2011 spend, 236 suppliers make up about 80 percent of our spend and our top 100 suppliers comprise about 65 percent of our spend. In 2012, additional key and strategic suppliers are being asked to provide this data. We expect that by 2014, 100 percent of the top 80 percent of our suppliers (by spend) will have completed the SAQ.

SUPPLY CHAIN RESPONSIBILITY PROGRAM AT LEXMARK

Lexmark’s Global Vice President of Supply Base Management is the senior person responsible for delivering on the environmental, social and governance (ESG) objectives we’ve identified above. At the operational level, the Global Manager of Corporate Supply Base Management has responsibility for driving the ESG-objectives implementation. A direct reporting line exists between these two individuals.

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

Sustainability is integrated into Lexmark’s supplier selection and retention processes. Rather than assign a weight to specific ESG factors in the analysis process , Lexmark has set EICC compliance as the minimum threshold for existing suppliers to meet for retention and for new suppliers for selection. Lexmark offers long-term contracts, agrees to fill production volume at suppliers’ facilities, buffers stock, consolidates suppliers and offers collaborative development and engineering to incentivize suppliers to adhere to EICC guidelines.

1. Critical suppliers are those with an annual spend over \$1 million USD.

CUSTOMER EXPERIENCE



When our customers buy Lexmark products, they can be assured they're purchasing from a company that is not only determined to provide a quality product and unique solution at a good value, but that is sensitive to health, safety and environmental issues.

At Lexmark, the impacts of our products are analyzed at all life-cycle stages that include concept, research, manufacturing, distribution, storage, disposal, reuse and recycling. Our products are designed not only to perform beyond our customers' expectations, but to exceed stringent standards for the welfare of our customers, as well as for the sustainability of the environment.

We've made notable progress in these areas, and emerging technologies offer us exciting possibilities for future breakthroughs. In exploring this section of our CSR report, you'll come to understand the firm commitment Lexmark has made to these issues and the outstanding dedication of our employees to making Lexmark products the health, safety and environmental standard by which all others are judged.

HIGHLIGHTS



Product accessibility for everyone

Improving product usability for customers with disabilities creates a better user experience for all our customers.

[Read More](#)



Innovation fuels new solutions

Innovation is fostered at Lexmark in a variety of ways, including a series of symposiums and presentations.

[Read More](#)



Understanding and solving customers' needs

Lexmark has a corporate vision of "Customers For Life."

[Read More](#)



Using social media to support customers

The Lexmark News Channel on YouTube has helpful videos our customers can access.

[View Them Here](#)

UNDERSTANDING OUR CUSTOMERS

CUSTOMER SATISFACTION

Lexmark has a corporate vision of “Customers For Life.” A dedicated customer experience team exists within Lexmark with a goal of creating a valued customer experience. But our commitment doesn’t stop with them. The entire organization, from the CEO through each employee, is engaged in understanding and solving customers’ needs and concerns. All Lexmark employees have at least one annual performance objective focused on the customer (Customer Focused Objectives).



At Lexmark, various methods are utilized to regularly connect with, listen to and understand our customers. Lexmark also incorporates surveys at all phases of our customers’ experience including 30 days after purchase, post-service experiences, broadly to end users in specific key accounts, with our Business Solutions Dealers (BSD) and on an annual basis with our Managed Print Services (MPS) customers. Lexmark generates key conclusions for each of the surveys and understands the results from each respondent. Best practices are used to prioritize the feedback and provide the insights to drive action that meets customer needs. Key conclusions are generated for each type of respondent (decision makers, end users, service providers) across industries and geographies.

The Voice of the Customer (VOC) in social media is captured with Mystery Shopper, online panels, industry awards that are reviewed and online Web commentary. Finally, Lexmark seeks to improve our newest products with the use of Beta testing with select customers. Each of these VOC methods is incorporated back in the business in various formal processes to ensure that we are listening to our customers and designing products and services that meet their needs.

The Net Promoter Score has been adopted by the customer experience team as a common language used to broadly communicate and set targets for improving customer satisfaction. Lexmark has established a set of repeatable processes that utilize direct customer feedback to improve our products and services, driving a deeper understanding and continuous improvement in customer experience.

CLOSED LOOP QUALITY SYSTEM

The Closed Loop Quality System (CLQS) is a continuous process that utilizes direct customer feedback to better understand and resolve the negative issues that our customers experience. This feedback is combined, categorized by theme and then prioritized, taking into account customers’ loyalty and concerns. A team of cross-functional leaders addresses each theme using robust problem-solving tools. The system is designed to address immediate issues in addition to improving the processes for prevention of similar problems in the future. Finally, the system has a check phase to ensure that the particular theme has been improved. The CLQS at Lexmark ensures that our process-improvement efforts are focused on customers and addressing what matters most to them.

DESIGN AN INTENDED CUSTOMER EXPERIENCE

Lexmark leverages customer needs-based research in innovation processes as a part of the creation of product lines, future technology planning and detailed product and service requirements. These processes include methods to systematically and predictably identify opportunities and then design and evaluate concepts that deliver significant new value.

CUSTOMER-FOCUSED EMPLOYEES

Lexmark employs a worldwide performance program that includes a formal process to assess progress against customer-focused objectives. Every employee sets objectives that focus on improving the customer experience. These individual objectives are based on an understanding of how the work the employees perform connects to the customer and aligns with the strategy of their department and the Company. Each objective has specific success criteria: the difference that it will make to the customer. We believe that this focus on improvement and innovation will lead to a better customer experience.

Lexmark’s survey strategy seeks customer input across the entire customer lifecycle, from prepurchase through usage and replacement. This data is gathered from both Lexmark customers and our competitors’ customers. Customer perceptions of products and services are collected and analyzed to enhance both current and future development efforts. Customer needs-based research is also employed to identify ideas and technologies that have the greatest potential for creating customer value in our future efforts.

Research employed:

- Current surveys of customer loyalty and perceptions regarding value, quality, ease of use and service at regular intervals through customers’ expected lifetime usage
- Needs-based research with our target customers to identify customer needs and opportunities
- Post-service experience surveys
- Customer Web panels used to field feedback on new ideas
- Customer testing on ease of use in early product development to drive improvement prior to start of production
- Annual Managed Print Services (MPS) survey

PRODUCT VALIDATION/USABILITY

During the new product-development cycle, Lexmark verifies not only that the product meets all specifications, but that it goes further gathering indirect and direct input from customers to validate how well the product satisfies their needs. Early in the development cycles, Lexmark utilizes an internal team whose goal is to emulate customers in their uses of the product. The team utilizes feedback from current customers to direct their product validation efforts. During this same time period, internal Lexmark customers are recruited to provide early feedback on what actual customers will experience. As the product development cycle continues, future customers are brought into Lexmark and products are sent to their work or home environments to gather specific feedback on the functionality and usability of the products. These processes provide products that not only meet the specifications but, more important, satisfy the needs of Lexmark’s customers.

INITIAL CUSTOMER EXPERIENCE/ROLLOUT

Lexmark is focused on maximizing the customer experience during the rollout of a new product to our customers. One program sends the product engineering team onsite to engage with the customer and ensure a positive product introduction. Not only is the customer satisfied, but the engineering team takes back the learning to continuously improve the rollout experience for all customers. In 2011, the Lexmark product engineering team was onsite with 10 customer rollouts, in addition to being engaged with the rollout team for more than 50 customers.

CUSTOMER VISIT PROGRAM

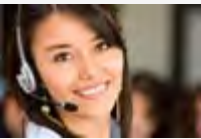
Lexmark launched a new customer visit program, in which our engineers and product designers visit customers who are using Lexmark devices. These face-to-face interactions help us better understand the needs of our customers and will result in the design of improved solutions in the future.

LEXMARK LISTENS TO TWEETS



Every day, Lexmark pays a brief visit to the Twitter site as "Lexmark Listens" for comments about Lexmark. We are looking for requests for help with a Lexmark product and when we see one, we respond. Follow us on Twitter. [Click To Follow](#)

LEXMARK LISTENS TO SURVEYS



Lexmark’s survey strategy seeks customer input across the entire customer lifecycle, from prepurchase through usage and replacement. [Read More](#)

LEXMARK LISTENS

Lexmark's survey strategy seeks customer input across the entire customer lifecycle, from prepurchase through usage and replacement. Survey data is gathered from both Lexmark customers and our competitors' customers. Customer perceptions of products and services are collected and analyzed to enhance both current and future development efforts. Customer needs-based research is also employed to identify ideas and technologies that have the greatest potential for creating customer value in our future efforts.

Research employed:

- Annual competitive survey of customer loyalty and perceptions regarding value, quality, ease of use and service
- Current surveys of customer loyalty and perceptions regarding value, quality, ease of use and service at regular intervals through customers' expected lifetime usage
- Needs-based research with target customers to identify customer needs and opportunities
- Prepurchase research conducted in aisle at retail locations
- Post-service experience surveys
- Customer Web panels used to field feedback on new ideas
- Customer testing on ease of use in early product development to drive improvement prior to start of production
- Annual Managed Print Services (MPS) survey

This broad spectrum of research provided feedback from over 150,000 customers in 2009 alone.



CUSTOMER SECURITY AND PRIVACY

The Internet has become a major portal for Lexmark and its customers to interact. Customers and prospective customers use Lexmark’s Web site for a multitude of 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 product purchased from Lexmark for warranty purposes
- To get help for resolving a product issue; either unassisted help via the Lexmark KnowledgeBase or assisted help from a Lexmark Support Representative

During these transactions, Lexmark may 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/province, postal code)
- Credit card number
- Email address
- Telephone number
- Online account ID and password
- How products are used in their home or business
- Whether or not they want future contact from Lexmark (marketing materials, special offers and promotions, etc.)

Lexmark takes the privacy of personal information provided by our customers very seriously. We are happy to report that we have had no customer complaints regarding breach of personal information collected via Internet marketing and sales activities.

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

SECURITY OF CUSTOMER INFORMATION

To protect against unauthorized access, misuse, disclosure or alteration of personal information, Lexmark employs 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 a specific business purpose for maintaining and processing personal information and data. Lexmark regularly reviews privacy compliance.

Lexmark offers recourse to customers who feel there has been a breach of their personal data. A designated email and designated postal address are available.

website@lexmark.com

Lexmark International, Inc.
Privacy Mailbox
740 West New Circle Road
Lexington, Kentucky 40550

When we receive written questions and concerns at these addresses, it is Lexmark's policy to contact the individual user regarding his or her concerns. We will investigate and attempt to resolve issues regarding 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 will be settled by arbitration administered by the American Arbitration Association (AAA) in accordance with its applicable commercial rules and, as applicable, the Safe Harbor Principles. The exclusive location for such arbitration shall be Lexington, Kentucky.

Lexmark’s U.S. privacy policy can be found at: http://www1.lexmark.com/en_US/terms/privacy-security.shtml.



MARKETING COMMUNICATIONS

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. We insist that all statements made in support of our products and services are 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. It is the joint responsibility of the Corporate Communications Department representative preparing the message and the person in the business area responsible for the product or service involved to see that all facts are true and properly supported. Lexmark also sells no products which are banned in any markets. Lexmark reviews its compliance with these standards annually.

Lexmark had no incidents of non-compliance with regulations and voluntary codes concerning marketing communications in 2011.



PRODUCT ACCESSIBILITY



Navigating office environments can be a challenge for workers with physical, sensory and cognitive disabilities. As a result, the unemployment rate within the disabled community is extraordinarily high. Some studies have suggested that unemployment rate within the blind community, for example, may be as high as 75 percent.

Lexmark is committed to doing its part to eliminate barriers to workplace success-barriers like printing or scanning a document.

We apply the principles of universal design to the design of our products with the goal of delivering accessible imaging devices and assistive software solutions that allow all office workers to make the most of their unique skills and abilities in the workplace.

Lexmark has defined processes and methodologies that help us ensure our products and solutions are increasingly accessible.

CUSTOMER INPUT

As we develop products and solutions, we seek input from customers with disabilities to better understand their unique needs and challenges, and then incorporate their ideas and feedback into our designs.

STANDARDS AND DIRECTIVES

We refer to guidance provided by current and developing standards and directives that prescribe best practices in the development of office equipment, software solutions and communications. Section 508 of the United States Rehabilitation Act, the European Union's Mandate 376 and Web Content Accessibility Guidelines (W3C) are just a few of the many standards we reference.

CONSULTATION WITH EXPERTS

Lexmark's Accessibility Cross-Functional Team has established relationships with accessible design experts and accessibility analysts including the American Foundation for the Blind (AFB) and the National Foundation for the Blind (NFB). Our product designers and software developers apply insight acquired through consultations with these experts to the design of future products and solutions.

- American Foundation for the Blind
- National Federation of the Blind
- Kentucky Office for the Blind
- Ai Squared
- Freedom Scientific
- GW Micro
- Nuance Software

EDUCATION AND INSPIRATION

To increase awareness of accessibility challenges and inspire innovation, Lexmark hosts education seminars and lunch-and-learn sessions on the topic of accessibility.

In 2011, Lexmark hosted a Design for Accessibility Seminar that educated the engineering community about the need for accessible design, and featured a speaker who talked about the need for accessible office equipment at his business. The seminar also featured representatives from Wounded Warriors, a non-profit organization that helps wounded veterans return to the civilian workforce; a local organization that provides assistive technology to school-age children; and a Certified Prosthetist and Orthotist (CPO) who demonstrated the use of prosthetic devices and discussed the challenges of using prosthetics with imaging devices and other office equipment.

In 2012, Lexmark hosted an education session on socially beneficial innovation featuring Dr. Mario Romero, former Director of the Georgia Institute of Technology Child Study Laboratory. Dr. Romero discussed accessibility challenges, the need for assistive technologies and his development of solutions including BrailleTouch, an eyes-free text entry application for multipoint touch-screen smartphones and tablets.

ACCESSIBILITY FEATURES AND SOLUTIONS

At Lexmark, we've made accessibility a key marker in every phase of our product development process. To further ensure that we meet our goals, we have established a cross-functional committee to manage and oversee our accessibility initiatives. As a result, we've been able to incorporate a number of helpful features into our products.



ACCESSIBLE HEIGHT AND REACH

Lexmark engineers apply the principles of universal design to our products to accommodate the height, reach and force needs of all users.



TACTILELY DISCERNIBLE NUMPAD

Visually impaired users can orient themselves as they control the printer using bumps on the 5 and Home keys.



ON-DEVICE GUIDANCE

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



EXTRA-LARGE USER INTERFACE

Lexmark offers some of the largest user interfaces on the market. The extra-large color touch screen lets users with reduced vision operate MFPs with ease.



ADJUSTABLE DISPLAY

Many displays can be tilted to optimize their viewing angle.

LEXMARK ACCESSIBILITY SOLUTION

This revolutionary solution lets users create job tickets with their computer or smartphone while using assistive technology like the JAWS screen reader. When they enter a shortcut on the printer's accessible numpad, their job is released.

LEXMARK ACCESSIBILITY SPEECH SOLUTION

With this solution, users simply press the * and 0 keys in sequence to hear an audio message about the printer's status (for example, "Tray 1 is out of paper").

WHAT'S THE NEED?



There is a very high rate of unemployment in the blind community because today's office equipment is typically not accessible. The Lexmark Accessibility Solution is a software program that allows us to provide a web interface for our multifunction devices that allows blind people or the disabled to access all the functionality of the device

[View Video](#)

SOLUTION FOR MOBILE DEVICES



Traditionally, printers and MFPs have only displayed the status of the device on the operator panel. For a user with a visual impairment, these messages may be difficult or impossible to read.

[View Video](#)

SOLUTIONS FOR THE COMPUTER



Members of the American Foundation for the Blind demonstrate adaptive Lexmark IT software that helps the blind or disabled use printers in that fit their needs. Featured are the Lexmark Screen Reader Software, Lexmark Screen Magnifier Solution and the Lexmark Voice Recognition System.

[View Video](#)

AUDIO FEEDBACK



Traditionally, printers and MFPs have only displayed the status of the device on the operator panel. For a user with a visual impairment, these messages may be difficult or impossible to read.

[View Video](#)

WEB CONTENT ACCESSIBILITY



Incorporating Web Content Accessibility Guidelines design features.

[Read More](#)

ACCESSIBILITY CASE STUDY

WEB CONTENT ACCESSIBILITY

In the development of this web-enabled report, Lexmark incorporated design features recommended in the Web Content Accessibility Guidelines (WCAG 2.0).

UNIVERSAL DESIGN

Design features that make the web experience better for all users include the use of fonts whose style, size and color make text more visually distinguishable. Additionally, images that transition - such as the slider on the CSR Report home page - are designed to allow all users sufficient time to read the text.

COMPATIBILITY WITH ASSISTIVE TECHNOLOGY

Design features were included to improve website accessibility for users of screen reader and screen magnifier software. Text alternatives for non-text content (images and graphs), list-oriented navigation and header tags enhance website usability in conjunction with assistive technologies.



INNOVATION

Innovation is core to Lexmark's business strategy. Innovation allows us to deliver solutions that make them more productive and efficient. Our focus on socially and environmentally beneficial innovation allows us to be more productive and efficient while being respectful of our environment and socially responsible.

Refer to the case studies below for examples of recent environmentally and socially beneficial innovations.

During training, our employees are made aware that looking for and discovering better, more efficient and improved eco-friendly ways of doing things, is the surest method of bettering our company, helping our customers and safeguarding the environment. Whether it's improved energy efficiency in our facilities or better ways of making, packaging and shipping our products, we expect all our employees to think outside the box.

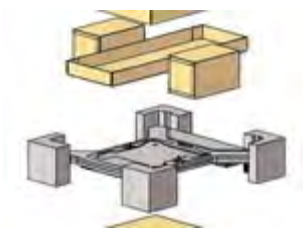
ENCOURAGING INNOVATION

Throughout the year Lexmark offers engineers and designers opportunities to learn about innovation and try their hand at creating solutions. Among the many opportunities in 2011 Lexmark offered the Excellence Symposium, an event where external speakers describe the benefits of particular Lexmark equipment in their operations, and the Entrepreneurial Challenge—a platform for our employees to put forth new and innovative ideas they may have that would benefit Lexmark's customers.



INNOVATION CASE STUDIES

PACKAGING INNOVATION



Environmentally beneficial caster base packaging redesign.
[Read More](#)



PACKAGING INNOVATION



Environmentally beneficial fuser packaging redesign.
[Read More](#)



ENERGY INNOVATION



Energy efficient laser printer design.
[Read More](#)



SYSTEM INNOVATION



Designing the next green office building.
[Read More](#)



ACCESSIBILITY INNOVATION



Solutions that make imaging devices accessible to all.
[Read More](#)

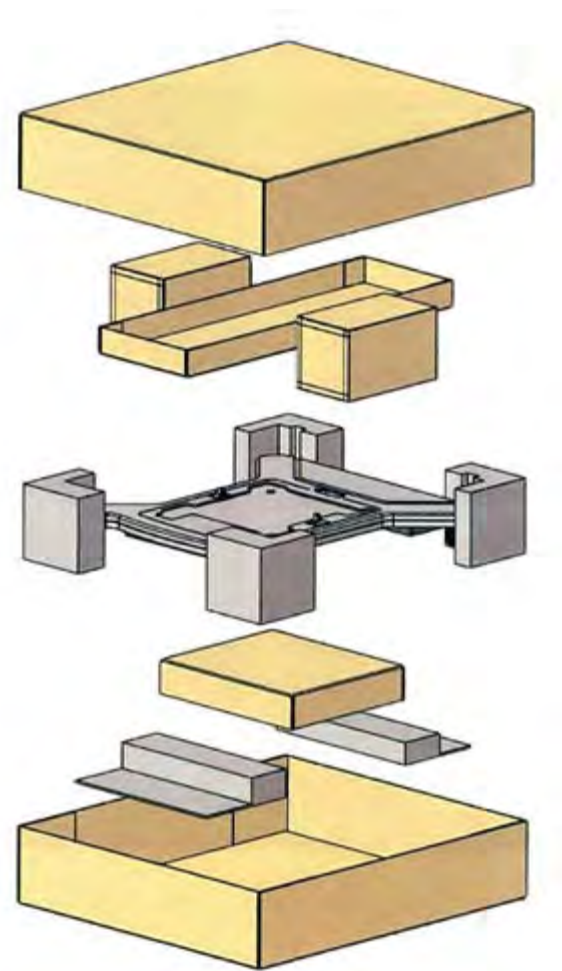


INNOVATION CASE STUDY

ENVIRONMENTALLY BENEFICIAL CASTER BASE PACKAGING REDESIGN

Lexmark's high-end monochrome laser printers are frequently installed on caster bases. Historically, the caster bases have been shipped on an individual pallet. While this original packaging design ensured complete protection of the caster base during shipping, the design was heavier and bulkier than desired.

Recognizing the opportunity for improvement, the packaging team initiated a project aimed at reducing the size and weight of the caster base packaging. The resulting redesigned packaging completely eliminated the need for the pallet as well as much of the bulk and weight of the caster base packaging, thereby reducing shipping impacts and consumption of natural resources.



New Packaging



Caster Base

INNOVATION CASE STUDY

FUSER PACKAGING REDESIGN

Early in 2011, Lexmark's service team identified an opportunity for improvement related to the packaging of replacement fusers. The service team noticed that the packaging used to protect replacement fusers during shipping was very durable and could easily be reused. They shared their idea for reuse with Lexmark's packaging engineers. Shortly thereafter, a packaging collection and reuse project commenced.

Two challenges had to be overcome to make the packaging reuse project viable. First, the team had to get the packaging back from the field. Second, the team needed to be assured what they did get returned was the packaging design needed to ship out new fusers. Customers were encouraged to return end of life fusers to Lexmark for recycling, reusing the replacement fuser packaging as the return shipping packaging. Fuser packaging was redesigned so that a single design could be used to protect multiple fuser designs.

The new packaging design features foam cushions that can be configured to protect multiple fuser models, can be reused to ship new replacement parts and are made from 65 percent recycled content.



New Design



Old Design

INNOVATION CASE STUDY

SIGNIFICANT ENERGY REDUCTIONS VERSUS PREVIOUS GENERATION PRODUCTS

Lexmark's newly released C74x color laser printers and X74x multifunction color laser printers (MFPs) exemplify our commitment to innovation for energy efficiency.

These models incorporate Lexmark's newest energy innovations including a higher-efficiency power supply and a more energy-efficient electronics design that powers down substantial parts of the product in sleep mode. The model also features a new hibernate mode that allows the user to turn the device on and off on a schedule that meets the needs of their work habits. Hibernate mode also allows the product to meet the requirements of the new European Union Standby/Off Mode regulations that will go into effect in January 2013.

The C740/X740 devices offer a 20 percent reduction in the Energy Star Typical Electricity Consumption (TEC) test on the printers and a 37 percent reduction on the MFPs over previous generation products. Even more impressive is the more than 50 percent reduction of power consumed in sleep mode. These power numbers are better than our primary competition in this market segment.



INNOVATION CASE STUDY

UNVEILING NEW ENERGY-EFFICIENT TOOLS IN ENERGY GREEN OFFICE BUILDING

In 2009, Lexmark France joined a new consortium – the Bouygues Immobilier Positive Energy Consortium. This consortium, launched by the leading French office-building promoter, originally gathered eight companies that are experts in their own industries. Members worked together to design the first positive energy green office building. This building, which produces more energy than it consumes, opened in 2010.

The consortium focuses on carbon footprint reduction and energy efficiency. The original eight partner companies – Bouygues Immobilier, Lexmark, Schneider Electric, Siemens, Philips, Tandberg, Sodexo and Steelcase – and several new additions including Intel – are jointly developing programs to decrease the energy consumption of the green office building and to increase its capacity to produce renewable energy.

Printing is a critical element of the green office because non-optimized printing processes can result in significant amounts of waste. Chosen for its “Print Less. Save More.” solutions, Lexmark is responsible for the implementation of environmentally beneficial printing practices in this green office, including:

- Print infrastructure
- Confidential printing
- Document management
- User productivity and satisfaction
- Carbon footprint reduction

Lexmark also participates in specific research programs including research related to the energy consumption of information technology equipment in the office. The objective is to reduce the energy consumption by two-thirds.

INTEL and Lexmark have recently partnered in a pilot test of another tool called the Personal Office Energy Monitor (POEM). This tool allows office occupants the opportunity to monitor the real time office energy consumption (equipment such as computers and printers as well as heating and lighting). POEM can be used to compare the office worker’s personal energy consumption to the average energy consumption for their department to gauge performance and hopefully adopt energy-saving habits.



PRODUCT HEALTH AND SAFETY IMPACTS

Lexmark considers the health and safety impacts of all of its products and services at all life cycle stages including conceptualization, research and development, manufacturing, distribution, use, service and disposal (reuse or recycling). Many of these health and safety considerations are mandatory, such as the Organization for Economic Co-operation and Development (OECD) toxicity testing that Lexmark completes in accordance with OECD 404, 405, 406 and 423, other considerations are based on customer concerns. For example, news coverage of a 2007 study regarding ultrafine particulates concerned some users of laser printers. The study found that laser printers emit particulates in the ultrafine size range. Further investigation revealed that these ultrafine particles were not particles of toner, as originally believed. Though there are no regulations or standards governing ultrafine particulates to which printer emissions can be compared, Lexmark investigates ultrafine particulates and monitors related studies because this is a concern for our customers. Lexmark has not identified any noncompliance with regulations or voluntary codes concerning the health and safety impacts of Lexmark products or services and no fines have been imposed.

PRODUCT AND SERVICE INFORMATION

Lexmark understands that the safety and compatibility of our products is of utmost importance to our customers. The following product and service information is required by Lexmark procedures for product and service information and labeling: the sourcing of components of the product or service; content; safe use of the product or service; disposal of the product and environmental/social impacts. To achieve regulatory compliance with worldwide standards and local laws, our products are tested annually in laboratories that are accredited by third-party agencies. This accreditation helps ensure that the data collected and the reports submitted for regulatory compliance are obtained from test facilities and personnel that comply with the relevant ISO standards.

These laboratories are accredited to conduct tests for certifications associated with specific regulatory standards and agency marks such as Blue Angel, the Federal Communications Commission (FCC), Comité International Spécial des Perturbations Radioélectriques (CISPR), Underwriters Laboratories (UL) and Conformité Européenne (CE). Additionally, data is collected and submitted to regulatory agencies worldwide such as the U.S. Environmental Protection Agency (EPA) and the China Quality Certification Center (CQC) to obtain the mandatory marks for importation to countries worldwide.

To maintain these capabilities, the 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 employed by our suppliers worldwide at subassembly and finished product stages and suppliers are audited regularly for compliance by the respective agencies whose regulatory marks are applied to each product. Any non-compliances or variation notices issued as a result of these audits are promptly addressed within the required compliance period and resolved prior to future product shipments. Lexmark had no incidents of non-compliance with regulations and voluntary codes concerning service information and labeling in 2011 and no fines have been imposed.



SOCIETY



Lexmark sells its products in over 170 countries around the globe and has facilities or offices in more than 70 of those nations. Such a broad footprint makes it imperative that our operations have a positive effect on the citizens of those communities in which we do business.

We strive to be a company that people welcome into their community; the kind of company they'd want to work for — a company that cares. Charitable giving, volunteerism, educational support and commitment to diversity are part of the culture at Lexmark. Those commitments are not only good for society, but the goodwill they generate is beneficial to Lexmark.

The need for societal contribution is ongoing and we continually seek opportunities to improve in this area. In this section, we document our efforts to have a positive social impact and discuss some of our plans for future initiatives.

HIGHLIGHTS



Diversity at Lexmark

Embracing our differences makes Lexmark a better place to work.

[Read More](#)



Volunteerism at Lexmark

Lexmark supports the communities where our employees live and work through our volunteer efforts.

[Read More](#)



Lexmark Financial Contributions

Lexmark's commitment to its communities takes tangible form in donations of equipment, providing volunteers and offering financial support.

[Read More](#)



Lexmark's Inspire Award

Lexmark recognizes middle and high school teachers across Central Kentucky for outstanding contributions in science, technology, engineering or math education.

[Read More](#)

LEXMARK'S IMPACT ON OUR COMMUNITIES

WHERE WE DO BUSINESS

Lexmark products are sold in more than 170 countries. Lexmark owns or leases 7.4 million square feet of various types of facilities worldwide and operates sales offices in more than 70 countries. We have three manufacturing centers in Boulder, Colorado, Juárez, Mexico and Lapu-Lapu City, Philippines.

Lexmark has programs and policies in place that guide our decision making and operations prior to entering a community, while we are operating in a community and as we exit a community. These programs and policies help to ensure that our impact on the communities we inhabit is positive.



PRIOR TO ENTERING A COMMUNITY

Lexmark carefully considers potential social and environmental impacts of doing business in all locations before building or opening a facility in a community. Our Corporate Real Estate and Facilities Team conducts assessments of all proposed locations, taking into consideration, among other things, the potential for severe weather such as floods or tornadoes, the proximity, availability and reliability of police and fire departments, local crime statistics, government stability and our operations' potential impact on local utilities and ecosystems.

Whenever possible, we choose to do business in locations that have stringent environmental, safety and labor regulations in place that protect the environment and local residents as well as assist Lexmark in compliance. The environmental screening tools and checklists used by Lexmark’s Corporate Real Estate and Facilities Teams have been recently updated with new guidance criteria to ensure that Lexmark sites are as energy efficient as possible from the start.

Whether Lexmark builds a new building or chooses to lease an existing facility, our preference is to do so in a previously industrialized area. That choice precludes the deforestation and habitat destruction that comes with building in undeveloped areas. It also offers the benefit of locating our operations near the homes of employees, thereby reducing commuting time and distance which in turn increases employee transportation options (walking, biking, public transportation).

WHILE OPERATING IN A COMMUNITY

While Lexmark does not have a global policy for granting preference to local residents when hiring in significant locations of operation, most employees are members of the local community and are offered educational and skill-development opportunities. We also offer transfer programs – where employees in one region may go to another to train for a job for a few weeks to as many as a few years.

Lexmark's presence has positive impacts on the economies of the communities surrounding our locations through our efforts to provide above-average employee compensation and use of local resources where possible. 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 around the world offer salaries and benefit plans that are highly competitive in each of the countries in which we operate. Plans are benchmarked frequently to ensure that compensation and salary levels remain competitive and allow us to attract and retain employees in each region. These efforts to provide above-average employee compensation have a favorable economic impact on the markets in which we do business.

The patronage of Lexmark and its employees increases business for local utility companies, service providers, restaurants and retailers. The corporate taxes paid by Lexmark and additional wage taxes paid by our employees help support local governments and schools. These impacts are quantified in terms of dollars spent. For example, highlights of Lexmark’s economic impact on Lexington, Kentucky, in 2011 are:

- 4,826 trips in and out of Lexington's Blue Grass Airport, producing \$3.9 million in airfares.
- 2,839 overnight Lexington hotel stays valued at \$305,369.
- 3,167 Lexington car rental days generating \$117,053 in fees.
- Average salary of \$99,080 for Lexington and surrounding area residents.
- More than \$329 million in local wages – contributing nearly \$7.5 million for local government and public schools.

Lexmark's commitment to its communities, including contributions of equipment, volunteers and financial support to social organizations, can also be quantified. Volunteer hours for 2011 were at an all time high due to the tremendous volunteer efforts of Lexmark employees as part of the company’s 20th anniversary celebration. The total number of volunteer hours exceeded 140,000 hours of service at more than 212 non-profit organizations.

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

MAKING DECISIONS TO EXIT A COMMUNITY

Over the past several years, business needs, including a changing product portfolio and demand for increased operational efficiency, have resulted in the geographical movement of some Lexmark operations. The obsolescence of a particular type of inkjet cartridge, for example, necessitated the closure of the Lexmark facility in Chihuahua, Mexico that manufactured that component. This, in turn, created an increased production burden on the Lexmark facility in Cebu, Philippine, that manufactures the new type of cartridge.

Recent plant closures have included an inkjet facility in Scotland (2006), inkjet supply manufacturing facilities in Juárez, Mexico (2007) and Chihuahua (2008) and a circuit assembly facility, also in Juárez (2009).

Communities experiencing losses have had to deal with increased unemployment and a decreased tax base. Lexmark takes care to reduce the impact on the locations that experience those losses. When exiting buildings, we ensure that the locations are clean and secure. We make every possible effort to avoid leaving an unoccupied building and we comply with all local laws to ensure that employees and local governments are given notice of imminent changes and assistance in their efforts to secure new employment, in some instances, even offering some non-exempt employees the opportunity to continue their employment with us at other Lexmark facilities.

While there are no standard metrics that can be used to gauge the effectiveness of these efforts, we have seen evidence that these initiatives have eased negative impacts.

Lexmark’s inkjet facility in Chihuahua was purchased by a developer who went on to lease this facility to a manufacturer. In transitioning this property to another manufacturer, Lexmark ensured that the existing building was not left unoccupied and the new occupant offered employment opportunities to laborers in the area.

When leaving an area, Lexmark is proactive in assisting employees in finding new employment in their community. The Scottish Government’s Partnership Action for Continuing Employment (PACE), posted the following on its Web site with regard to Lexmark’s closing of the Lexmark facility in Scotland.

“Lexmark has been in Rosyth for 10 years and employed some 700 staff in the production of printer cartridges. Due to a downturn in demand and company restructuring, the decision was reluctantly taken to close the Rosyth operation.

"From the outset, Lexmark was extremely proactive and, prior to meeting the representatives of the PACE team, had set up a well resourced Job Shop.

"Due to the publicity over the closure and successful marketing by both Lexmark Job Shop staff and Jobcentre Plus, employees were made aware of over 1500 vacancies. These covered a wide spectrum of opportunities including engineering, call centre work and care vacancies.”

[Click here to read more.](#)

LESSONS LEARNED

As Lexmark traverses each step in the business process, we take what we have learned and apply that knowledge to future engagements.

LEXMARK’S LEGACY TRAIL



A 12-mile walking and biking trail that is a scenic corridor connecting

urban and rural Fayette County.

[Read More](#)

FINANCIAL AND IN-KIND CONTRIBUTIONS

Commitment to Corporate Giving

Lexmark's commitment to its communities takes tangible form in donations of equipment, providing volunteers and offering financial support to worthy organizations working to meet the challenges and needs of modern society. Responsible corporate citizenship is good business. Lexmark applies the same standards of excellence to its contribution and community support activities that it uses in all business practices.

2011 U.S. CHARITABLE GIVING	
United Way U.S. employees and Lexmark's corporate contribution of cash and in-kind gifts to the United Way totalled more than 20 million dollars in 20 years, making Lexmark the largest supporter of United Way of the Bluegrass.	\$1,000,000
Operation Homefront Lexmark and Office Depot have teamed up to provide military families with technology to help them stay in touch with their loved ones serving in the armed forces by donating new Lexmark printers to the nonprofit organization.	\$110,146
University of Kentucky This is part of a larger, long-term \$1 million pledge	\$200,000
Other cash and equipment donations	\$1,132,715
Total giving	\$2,442,861
MULTI-YEAR COMMITMENTS	
Lexmark Scholarship Fund As part of Lexmark's 20th anniversary celebration, a \$250,000 scholarship fund was established at the University of Colorado for students in the College of Engineering and Applied Science. This scholarship recognizes Paul J. Curlander, former Lexmark Executive Chairman and Chairman of the Board of Directors, for his many years of service to Lexmark.	\$250,000
Lexmark's INSPIRE Award This teacher recognition program highlights and rewards outstanding science, technology, engineering and math teachers. Selected teachers receive a \$1000 cash award to further math and science education in their classrooms. Three awards were given out in 2011 and many more are planned for 2012.	\$3,000

CORPORATE GIVING PROGRAM

As outlined in the [Lexmark Vision and Values](#), we strive to be good corporate citizens in the communities where our employees live and work. Our commitment to local, national and global communities is evident in our contributions of financial, equipment and volunteer support to organizations working to help meet the challenges and needs of modern society.

We apply the same standards of excellence to our contribution and community support activities that we use in our business operations.

Our Corporate Giving Program in the U.S. focuses on employee volunteerism and educational excellence, specifically in the areas of science, technology, engineering and math (STEM). Lexmark contributes to schools and non-profit organizations that have tax-exempt status under Section 501(c)(3) of the U.S. Internal Revenue Code.

Lexmark did not make any charitable contributions that exceeded the greater of \$1 million or two percent of a charitable organization's consolidated gross revenues, to any charitable organization for which a member of the Board served as an executive officer. The Board's conformance with this guidance prevents potential conflict of interest issues regarding our charitable giving practices.

FINANCIAL CONTRIBUTIONS

SUPPORT OF THE UNITED WAY

Lexmark's 2011 United Way campaign marked a major milestone for our Company and the community. Not only did we reach our \$1 million goal, but we achieved a grand total of \$20 million donated to United Way since the Company's inception 20 years ago. Lexmark finds unique ways to raise money for the United Way including disc golf, ping-pong and softball tournaments as well as the annual auction of our employees' art.

SUPPORT FOR STEM EDUCATION

We have created the INSPIRE Award to recognize middle and high school teachers across central Kentucky for their outstanding contributions to Science, Technology, Engineering and Mathematics (STEM) education. Lexmark's corporate giving continues to be focused around the improvement of STEM education. Lexmark has committed to donating \$1 million to renovate a teacher education facility in Lexington and \$250,000 to the University of Colorado College of Engineering for scholarships. Additionally, \$100,000 will be given in Cebu, Philippines to renovate and equip a math and science magnet school.

NATURAL DISASTERS

In times of tragedy, including weather disasters, Lexmark supports relief efforts, especially in those areas where we have facilities. Lexmark employees are encouraged to make personal contributions to the International Red Cross and Red Cross Crescent Societies or the Red Cross International Response Fund. The Company often matches these contributions.

For example, in the wake of the earthquake in Japan, Lexmark donated \$25,000 to the International Red Cross to help provide relief to the communities affected by this disaster. The Company also offered up to \$25,000 in additional funds to match individual employee contributions to the International Red Cross.

OPERATION HOMEFRONT

For the second year in a row, Lexmark and Office Depot teamed to support Operation Homefront. The special program provides military families with technology to help them stay in touch with their loved ones serving in the armed forces by donating new Lexmark printers to the nonprofit organization. Office Depot and Lexmark hope to donate more than 4,000 Lexmark X2670 printers.

POLITICAL CONTRIBUTIONS AND LOBBYING

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

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

COUNTRY OF MAJOR OPERATION*	2011 TOTAL MONETARY VALUE OF CONTRIBUTIONS
United States (HQ)	\$0
Mexico (Mfg)	\$0
Philippines	\$0

Lexmark employs the services of a remunerated attorney advocate from time to time. This advocate is remunerated for providing Lexmark with guidance on proposed and enacted legislation, and communicates Lexmark's positions on legislation to interested parties.

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

INSPIRE AWARD



As part of Lexmark's 20th anniversary celebration, we announced INSPIRE: Lexmark's Teaching

Award.
[View Here](#)

EQUIPMENT DONATIONS



Lexmark donates new and used printers to qualified non-profit organizations.
[Read More](#)

LEXMARK EQUIPMENT DONATIONS

Lexmark regularly receives requests for donations of new and used printers. Qualified non-profit organizations are considered on an ongoing basis and priority is given to organizations in which Lexmark employees serve as volunteers. Printers may also be requested for donation to fundraising auctions or events sponsored by qualified non-profit organizations.

View the application form [here](#).

COMMITMENT TO VOLUNTEERISM

UNITED STATES

Lexmark supports the communities where our employees live and work and places special emphasis on programs utilizing the time and talents of our employees as volunteers. We encourage members of our workforce to be involved with charities that interest them and we have programs in place to support organizations of particular importance to them.

Employee volunteer efforts include such organizations as United Way of the Bluegrass, Junior Achievement, Habitat for Humanity and many more. Over the last 20 years, Lexmark employees have been the leading employee campaign for United Way of the Bluegrass, contributing thousands of volunteer hours in addition to their generous monetary contributions. Lexmark and its employees have donated \$20 million (USD) in 20 years to United Way of the Bluegrass.

20 YEARS OF VOLUNTEERING

As a way of commemorating Lexmark's twentieth anniversary, and to reinforce our company's commitment to volunteerism, we challenged ourselves with a goal of 175,200 man-hours. This is equal to the total volunteer hours compiled during Lexmark's first 20 years. Though we fell short of this goal in our first attempt, we are asking employees to recommit to this ambition in 2012 and plan to continue until we succeed in reaching this goal.

VOLUNTEER OF THE YEAR AWARD

Through various programs, Lexmark encourages its employees to volunteer their time, talents and resources to their local communities. We have an exceptional employee talent pool and the Company empowers its employees to give their time and skills by providing innovative programs, such as Volunteer Time Off, Make It Happen Fund, Volunteer Grants and Matching Gifts. We know our employees have interests beyond Lexmark and we support their efforts to be involved in their communities. The Company introduced its Volunteer of the Year Award in 2004 and it is designed to support our value of corporate citizenship.

Only Lexmark employees are eligible to be nominated for the award, but anyone may submit a nomination, including outside organizations and individuals.

Lexmark's Global Living the Vision Committee reviews the candidates and selects the recipient of the award. The Committee evaluates criteria such as the community need that has been addressed, the number of hours contributed, the number of people impacted as well as the leadership aspects of the particular example of volunteerism.

The recipient is honored at an internal event and Lexmark donates \$2,500.00 (USD) to an eligible nonprofit organization or school of the winner's choice.

The 2010 Lexmark Volunteer of the Year is Ximena McCollum. Ms. McCollum was recognized for her service as a 'big sister' to Emily, a young Hispanic girl, whose family is originally from Honduras and her service as an interpreter for Spanish speaking individuals.

For information on the 2009 Lexmark Volunteer of the Year Award [visit here](#).



Jeri Isbell, Lexmark Vice President of Human Resources, presents the Lexmark 2010 Volunteer of the Year award to Ximena McCollum (on the right).

VOLUNTEER ACTIVITIES

UNITED STATES

United Way – Lexmark not only supports the United Way through charitable giving, but also encourages employee volunteerism. During 2011, over 300 Lexmark employees volunteered 1,500 hours to the United Way. Employees completed 39 community service projects in Boulder, Colorado and Lexington, Kentucky.

Habitat for Humanity – Lexmark's 15th Habitat for Humanity house was built in Lexington in 2011. Approximately 100 volunteers participated over the course of the entire project. Employees were able to use their Volunteer Time Off to participate in the build. Habitat for Humanity strives to provide affordable and energy-efficient homes to low income families. The organization has helped more than 2 million families worldwide.



Proud owners of a new home.

Junior Achievement – During the 2010-2011 school year, Lexmark sponsored courses at its adopted school, William Wells Brown Elementary, with close to 50 employees volunteering to teach business and economics courses at this and other Fayette County Public Schools.



Engineering volunteers – Lexmark encourages its engineers and scientists to participate in National Engineers Week each February by volunteering to share their passion for math, science and technology with students from across Kentucky.

The Company's volunteers participate by helping to create an engineering station for students to explore at The Fayette County District Science and Engineering Fair. Volunteers also judge student projects.

Women in Engineering Career Day is an annual event also held in February wherein high school girls from Fayette County are welcomed for a day of engineering activities. Lexmark volunteers assist with on-site tours and other hands-on activities.

Also in February, The University of Kentucky's College of Engineering hosts UK Engineering Day, an event of learning and exploration at UK for students of all ages. Lexmark volunteers support the event with product demonstrations, explanations of science concepts and a behind-the-scenes look at the product development process.

Lexmark Teacher's Institute – Lexmark sponsored the week long institute which pairs K-12 teachers of science, technology, engineering, math (STEM) and language arts with companies to better understand how businesses use what schools are teaching, to gain real-world examples and bring real-life scenarios into the curriculum. The teachers learn about how business works and what students must do to compete in the real world.

Substitute teaching initiative – Using the three days of Volunteer Time Off, Lexmark employees are matched with a teacher in one of the STEM fields to provide teachers the opportunity to pursue professional development and provide significant teaching opportunities for Lexmark volunteers.

Tubby's Clubhouse/Dell TechKnow – The Dell TechKnow program is a 40-hour, after-school initiative in which students learn about computers and software applications through hands-on activities. Five Tubby's Clubhouses in Lexington, Kentucky offer the program and Lexmark provided support through in-kind gifts. Nearly 1,250 middle-school students have graduated from the program to date, with each graduate receiving a Lexmark printer.

Kentucky Governor's Scholars – Lexmark supports the engineering programs and hosts the students for a day-long session focused on applying and using the diverse areas of science and technology.

Louisville Science Center and Lexmark team up for National Engineers Week – Lexmark partnered with the Louisville Science Center to celebrate activities during 2011 National Engineers Week. Lexmark volunteers participated in hands-on demonstrations at LSC for school groups to encourage critical thinking. It was also an opportunity for students to learn more about how different areas of science have real-life applications.

Trees For Tracks – CSX Corporation is a valued Lexmark customer, but also a partner in sustainability. CSX's Trees for Tracks program recently brought together 170 volunteers from Lexmark, CSX and the Lexington community as a whole to plant trees along the Legacy Trail in Fayette County. The volunteers planted more than 600 trees that day.

HUNGARY

Employees of Lexmark Budapest and their families renovated and painted wooden benches, jungle gyms and rest huts at a kindergarten in Budapest.



Kindergarten painting and renovation

Lexmark Budapest employees joined the nationwide "Teszedd" campaign wherein 160,000 volunteers helped clean up many underdeveloped public areas in their neighborhoods.



Volunteers help clean up neighborhood

Lexmark Budapest organized a Christmas party for children of employees where they met Santa in person. Children who had been 'good' all year and placed their clean boots on the window sill found small gifts placed in them.



Holiday party for employee's children

PHILIPPINES

Volunteer employees of LIPI participated in several initiatives to improve the health of local populations including blood drives, cervical and flu vaccinations, anemia screening, eye examinations and health seminars.

The employees of Lexmark International Philippines Inc. (LIPI) attended the Save the Buisan Watershed Project Donor's Recognition and Forum at the Metropolitan Cebu Water District (MCWD) facility in the Buisan Watershed and Forest Reserve.



LIPI employees blood drive

The project is implemented with partners from the public and private sectors and aims to sustain the Watershed through environmental rehabilitation initiatives like reforestation. The project was launched in 2008 as part of Cebu's environmental response to the United Nation's Millennium Development Goals.

LIPI employees volunteered to plant tree seedlings near Cebu City in 2011. A total of 350 employee volunteers were able to plant 2000 seedlings in the span of five months.

Approximately 50 LIPI employee volunteers built four duplex housing units at the Lexmark Sugbo GK Village located at Tunghaan Minglanilla Cebu. Twenty U. S. Navy personnel who were visiting Cebu City also helped and Ambassador Thomas Harris visited the site. In December, LIPI Employees returned to the area and distributed toys and clothing to the children living there.

The 2011 LIPI "Bundles of Joy" was held at Catarman Elementary School. There were 670 students who were recipients of gifts from LIPI employees.

INDIA

A team of Lexmark volunteers in India recently traveled to a remote village to help provide medical care to people in need. About 250 villagers who have almost no access to healthcare participated in the Free Health Checkup and Health Awareness Camp in Sundarban. The Lexmark volunteers assisted three doctors by arranging patient waiting rooms, enrolling patients and distributing medicine.



Free Health Checkup and Health Awareness Camp

TREES FOR TRACKS



CSX Corporation is a valued Lexmark customer and a partner in sustainability. [Read More](#)

TORNADO CLEAN UP



Several Lexmark employees were part of the first team that went to the West Liberty Elementary School

(WLES) to help get it set up for classes in a warehouse building after a devastating tornado struck in March.

[Read More](#)

VOLUNTEER TIME OFF PROGRAM

Lexmark offers all regular U.S. employees three paid days off each year through the Volunteer Time Off Program. This program has generated more than 10,000 hours of service to more than 200 non-profit organizations and schools and allows our employees time to help organizations that are important to them. Activities include volunteering at a local school as a mentor, tutoring or working at non-profit organizations. Opportunities are everywhere and we want our employees to feel valued as integral parts of the community.

LEXMARK TORNADO ASSISTISANCE



Several Lexmark employees were part of the first team that went to the West Liberty Elementary School to help get it set up for classes in a warehouse building after the devastating tornado struck their town in March.

Six people died when a tornado with 150-mph winds ripped through the heart of West Liberty, Kentucky, and the surrounding area. There was devastation everywhere with overturned cars, sheets of tin wrapped around light posts and dangling from power lines, pink shreds of insulation littering the branches of trees and buildings leveled to rubble. The twister qualified as an EF4, with a 60-mile path of devastation that spanned up to five miles wide in places.

The whole town was destroyed, including the new courthouse and new phone company. West Liberty was one of the hardest-hit areas in Kentucky and Southern Indiana, where tornadoes killed at least 34 people and injured hundreds.

COMMITMENT TO DIVERSITY

Lexmark strives to value and respect the individual differences of its employees, customers and business partners. Embracing our differences will make Lexmark a more competitive company and a better place to work. Lexmark supports a variety of programs within the company as well as in the communities where its employees live and work.

AFFIRMATIVE ACTION AND EQUAL EMPLOYMENT OPPORTUNITY (EEO)

Lexmark adheres to the the requirements and embraces the spirit of [affirmative action and equal employment](#). The concept of affirmative action was developed in the 1960s as a means to eliminate discrimination and provide equal employment opportunity to individuals of diverse backgrounds.

Today, Lexmark’s EEO policy incorporates requirements from numerous federal, state and local laws and prohibits discrimination based on race, color, age, gender, sexual orientation, gender identity, national origin, religion, disability and veteran status.

As a result of legislation and executive orders issued since the civil rights era, federal contractors, such as Lexmark, have specific affirmative action obligations with respect to hiring and promoting women, minorities, individuals with disabilities, special disabled veterans, Vietnam-Era veterans and all other covered veterans. These obligations include:

A UNIFIED VISION

Lexmark values diversity in the workplace. The company has adopted a Diversity Mission Statement (see below) by which our employees abide. It calls for respecting and valuing individual differences among co-workers. These practices help Lexmark operate with one unified vision — a vision that allows us to utilize the talents of our employees and that fosters good relations within the company as well as in the communities in which we live and work.

LEXMARK’S DIVERSITY MISSION STATEMENT

We, the employees of Lexmark, will value and respect our individual differences. This appreciation of a diverse workforce will help each employee attain his or her full potential, adding value to our company and giving us a competitive advantage in the marketplace. As we achieve a diverse global workforce at all levels, we will fully utilize the talent of all our employees and enjoy a positive reputation in our communities. The economic benefits of diversity will become a reality. As a company and as individuals, we embrace this opportunity and the responsibility to make it happen.

A DIVERSE WORKFORCE

Lexmark is a global company, and as such, it is our goal to have a highly diverse and inclusive workplace that understands and is responsive to the needs of our customers around the world. Such diversity, while obviously good for the company, can present unique challenges for our employees in the workplace and their families at home. Lexmark is aware of these challenges and we take action to make working for Lexmark a positive experience.

We recognize, for example, that employees who have emigrated may face the challenge of dealing with unfamiliar social norms and a longing for their homeland. Lexmark, in conjunction with motivated employees, has developed a number of [diversity affinity groups](#). Lexmark’s Asian Network Diversity Association (ANDA), Christian Business Persons (CBP), Gay-Straight Alliance of Lexmark Employees (GALE), Hispanic Diversity Network Group (HDNG), LexNew, Network Alliance of Black Lexmark Employees (N-ABLE), Veterens Association of Lexmark: Organized to Recognize and Respect and Women@Work (W@W) were created either to help employees adjust to new cultures and serve as support networks that disseminate knowledge and increase comprehension and understanding of minority group issues.

LEXMARK'S DIVERSITY NETWORK GROUPS (DNGS)



Diversity can present unique challenges for our employees in the workplace and their families at

home. [Click here](#) to learn more about Lexmark's DNGs.

FACILITY ACCESSIBILITY



Lexmark is committed to accessibility in all of our facilities with a goal of continual improvement. [Learn More](#)

LEXMARK'S DIVERSITY NETWORK GROUPS



INSPIRE AWARD

As part of Lexmark's 20th anniversary celebration, we announced INSPIRE: Lexmark's Teaching Award. Each academic year, Lexmark recognizes middle and high school teachers across Central Kentucky for their outstanding contributions in science, technology, engineering and mathematics (STEM) education. A \$1,000 award is granted to one teacher per month to be used for his or her classroom needs.

