

Working together for our future

2016 Corporate Social Responsibility Report





Return & Recycle

Product return & recycle

Lexmark continuously seeks new ways to reduce its footprint. While making great strides in waste reduction at our global manufacturing facilities, Lexmark also provides an opportunity for our customers to reduce their waste and increase the number of Lexmark products that are reused and recycled.

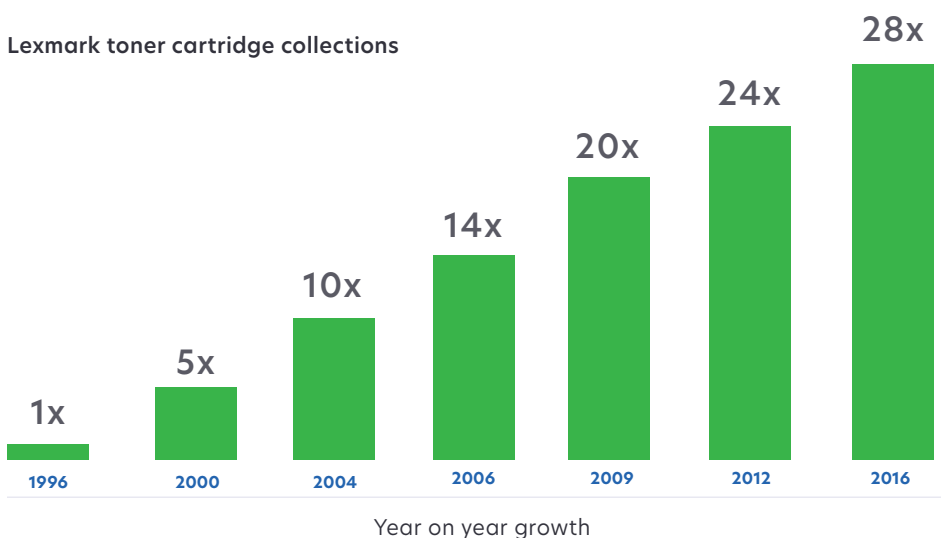
By incorporating Life Cycle Assessment results in our product design process, we develop sustainable products that combine high standards of performance, efficiency and environmental stewardship through each life cycle stage. At the end of product life, Lexmark recovers components and parts to reuse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

Click [here](#) for additional information on Lexmark's product return and recycle programs.

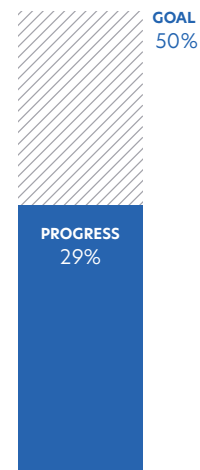
Cartridge collection

Our extensive cartridge collection network has made Lexmark an industry leader in the recovery, remanufacturing and recycling of used toner cartridges. In 2016, through the efforts of Lexmark customers, more than 38 percent of the total toner cartridges shipped worldwide were returned through the LCCP. In some regions, the return rate was higher. For example, the United States continues to average approximately 50 percent return rates. We estimate the industry average collection rates to be between 20 and 30 percent.

Lexmark toner cartridge collections



Our goal is to increase the cartridge material reused through our collection program to 50% (by weight) by 2018.



Approximately 29% (by weight) of the cartridge material returned were reused.

Extending material life

Our products are designed and optimized for a cycle of disassembly and reuse. Lexmark develops processes to divert reclaimed materials from waste streams and cycle them back into new products. Our processes provide the opportunity to reduce waste through the reuse of toner, cartridge components and materials. Last year, approximately 29 percent of the cartridge materials by weight returned to Lexmark were reused. We have established a goal to increase this to 50 percent by 2018.

Lexmark's R2 certified recycling plant

In 2007 Lexmark established a recycling plant in Juarez, Mexico, to provide customers a place to return their empty laser cartridges for responsible end-of-life reuse or recycling. The LCCP processes approximately 23,000 empty toner cartridges per day. Select components in empty cartridges are removed and reprocessed for reuse. In the last 12 years, Lexmark has been able to incorporate more than 52 million pounds of materials recovered through the LCCP into the production of laser cartridges.

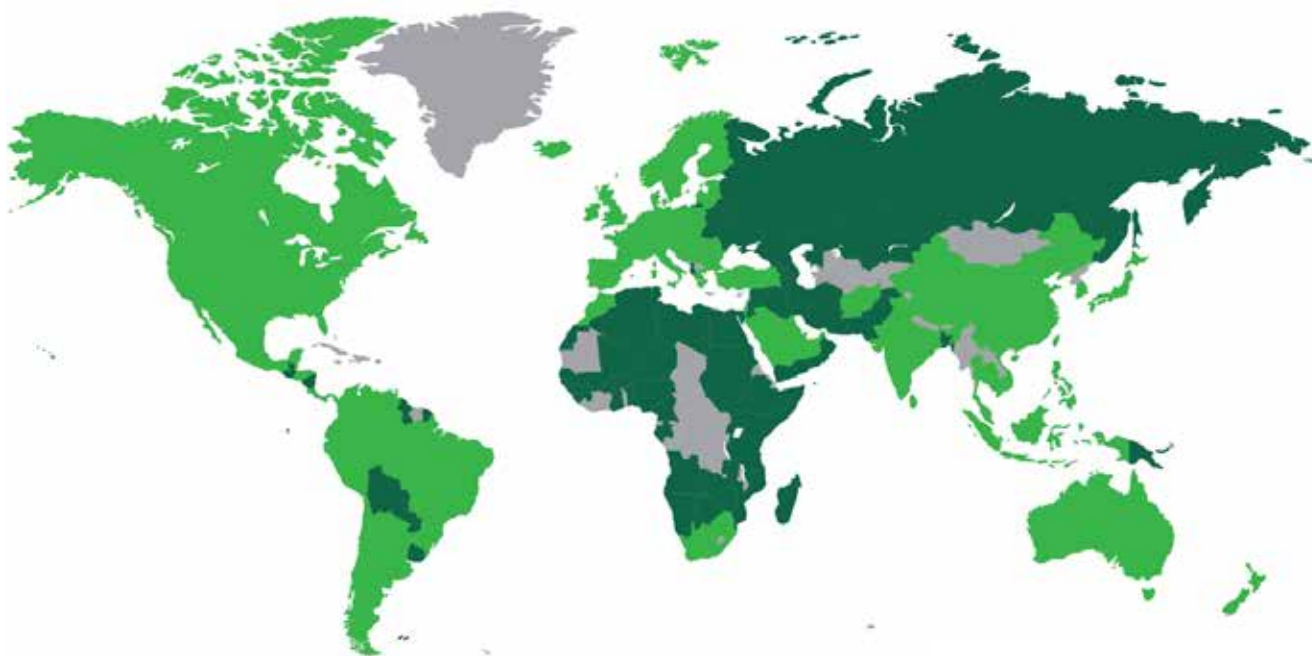
The LCCP facility complies with the highest industry standards and best practices for environmental responsibility by using a tracking and accountability system to manage all materials recovered. The LCCP plant is a Responsible Recycling (R2) certified facility that safely recycles and manages electronics based upon an accredited, third-party auditor. LCCP has achieved other certifications such as ISO 14001 for environmental management, OHSAS 18001 for Occupational Health and Safety and ISO 9001 for quality management. The 99,000 square-foot facility is also a Leadership in Energy & Environmental Design (LEED) Gold certified building.

Cartridge collection around the world

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



[Watch](#) how the LCCP process closes the loop.



■ Where we sell and collect

■ Where we sell and may collect in the future

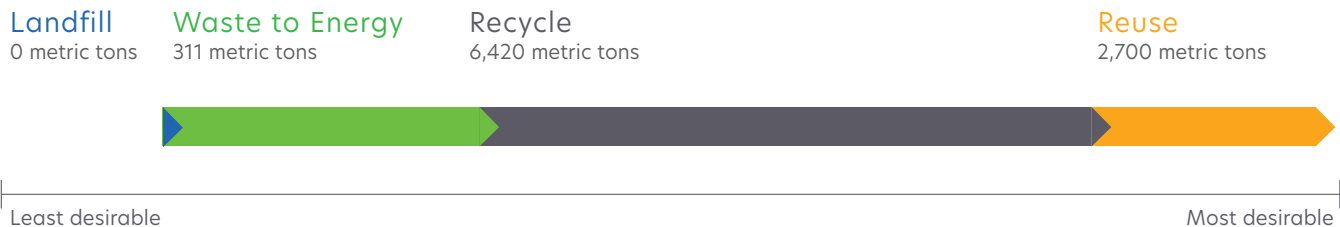
Resource conservation through recycling and reuse

Lexmark is actively embracing the emerging concept of a circular economy—a restorative industrial system focused on maximizing the utility and value of products and materials while also eliminating waste. Our long-standing support for the circular economy is evident in Lexmark’s founding membership in the [European Remanufacturing Council \(CER\)](#). The CER focuses on remanufacturing policy and encourages sustainability and remanufacturing initiatives.

Our pioneering LCCP provides a great example of remanufacturing through resource recirculation of pre-owned supplies. In addition to reducing landfill waste, the LCCP conserves natural resources through reuse and recycling. When handling used cartridges, we strive for the top levels of the standard environmental hierarchy. Landfill disposal and incineration are the least desirable options, while recycling and reuse produce the greatest sustainability benefit for the environment. Therefore, Lexmark follows a zero-landfill and zero-incineration policy by reusing or recycling cartridges returned from customers.

In 2016, LCCP collected 9,432 metric tons of returned cartridges from our customers. 97 percent or 9,121 metric tons of materials reclaimed from our customers’ returned cartridges were reused or recycled. Energy was generated from 3 percent or 311 metric tons of toner waste collected in Brazil, Europe and Asia Pacific.

Reclaimed cartridge material disposal in 2016



Since 1996, Lexmark has reused over 58 million pounds of recovered cartridge material by converting millions of used toner cartridges into Lexmark-certified reconditioned toner cartridges. The eligible cartridges are disassembled and cleaned, and then the critical components are replaced with genuine Lexmark parts. Finally, each reconditioned cartridge is tested to assure the same high quality output and reliable performance as a cartridge with all new components.

If a returned cartridge is not a good candidate for reconditioning, it is disassembled in such a way to maximize the materials recovered for use in secondary products. Examples of materials given a second life include toner as an asphalt additive to improve quality and performance and post-consumer recycled plastic integrated into new parts. In 2016, we recycled or reused more than 9,000 metric tons of plastic, metals and packaging, and were able to materially recycle or reuse 100 percent of the reclaimed plastic. Conserving materials for reuse in our products means fewer raw materials to be mined or extracted, thus reducing the impact on the environment.

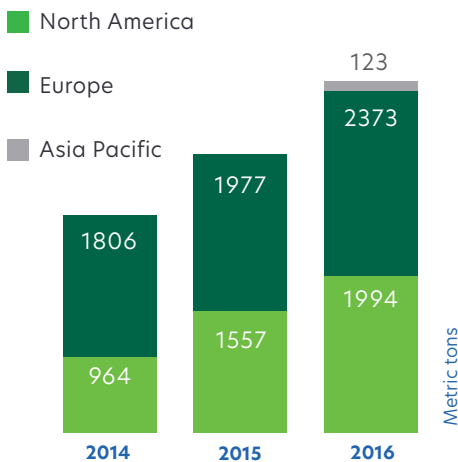
Click [here](#) for additional information on Lexmark’s LCCP program.



Equipment collection

Lexmark offers our customers environmentally sound choices for disposal of their end-of-life products. Electronic waste, including printers that have reached the end of their usable lives, is recycled through our Lexmark Equipment Collection Program (LECP) by specialized firms with processes to meet state and legislative requirements. The firms we choose are committed to recycling devices in an environmentally and socially responsible manner.

End-of-life electronic product recycling



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

The R2 (Responsible Recycling) Standard is a comprehensive global criteria for e-recyclers and requires responsible management of used computers and electronics. This standard is managed by Sustainable Electronics Recycling International (SERI). The e-Stewards Standard is a rigorous, internationally compliant certification from Basil Action Network (BAN) based on ISO 14001 that assures full conformance to a comprehensive suite of electronics recycling best practices. Both SERI and BAN are working to ensure the electronics recycling industry is environmentally sustainable. Our recycling partners are

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



Click [here](#) to view the R2 certificate.

Our recycling partners

The primary U.S. and European Lexmark recycling partner, Sims Recycling Solutions, is the world's largest electronics recycler and is R2 certified. Lexmark's recycling partner in Canada is Global Electric Electronic Processing (GEEP), an ISO 14001, ISO 9001, OHSAS 18001 and R2 certified recycler. GEEP works with Lexmark to recycle our consumer and corporate products and their packaging materials. GEEP provides comprehensive processing facilities for e-waste designed to effectively recover materials of electronic equipment.

Our electronic waste from Mexico is handled by Global Electronic Recycling (GER). GER is an ISO 9001, ISO 14001 and R2/RIOS™ Certified Electronics Recycler. Our recyclers processed more than 4,400 metric tons of electronic waste on behalf of Lexmark in the United States, Canada, Mexico, Europe and Asia Pacific in 2016.

The Lexmark service organization works with our recycling partners to reclaim parts that can be used to refurbish printers, which keeps the printers in service longer and reduces the need to recycle used hardware. Devices that are returned to Lexmark go through a process that assesses if they can be refurbished for reuse, and if not, they are harvested for parts that can be used in the refurbishment process.

Lexmark has additional programs in place to recycle printer packaging or other Lexmark hardware. Lexmark has established a shipping container reuse and recycle program with our primary electronic waste recycling partner.

Additionally, wooden pallets are reused and recycled (damaged pallets are chipped and used as mulch), and certain types of Styrofoam are sent to an extruder for reuse.

Click [here](#) for additional information on Lexmark's LECP program.

Electronic waste recycling by location

United States

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

A Lexmark printer hardware packaging return program is also in place in the U.S. Packaging material from Lexmark hardware including service parts may be returned to Lexmark for recycling. Customers may use their new printer's packaging material to return their old Lexmark printer or they may return only the packaging material from their printer or hardware to Lexmark. For more details, click [here](#).



Canada

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

For customers that do not have a provincial recycling program, Lexmark offers product recycling through our Canadian Recycling Partner, GEEP. Click [here](#) for more information on printer recycling in Canada.

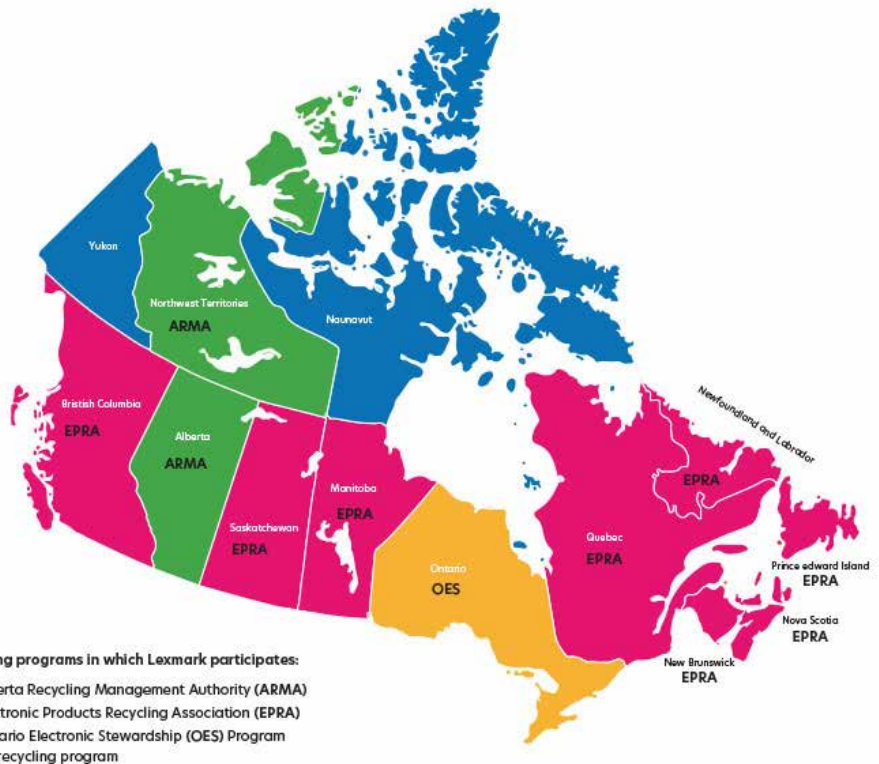
Europe

In many parts of Europe, our equipment take-back strategy is implemented through country-specific programs that are operated in accordance with the European Union (EU) Waste Electrical and Electronic Equipment (WEEE) Directive (2012/19/EU). Consumers in the EU can take their equipment to locally authorized collection centers or, in some cases, to local retailers. For EU business customers, Lexmark has established a fully compliant logistics system for transporting used products to the nearest storage and sorting facility, where the equipment is properly processed for recycling.

Click [here](#) to see more detailed LECP and WEEE compliance information.

Asia Pacific

The countries that make up Lexmark's Asia Pacific region have enacted regulations mandating electronic waste recycling that vary from country to country to maximize the proper disposal and recycling of electronic waste and to minimize the impact to the environment. A primary focus for Lexmark's Asia Pacific environmental work is to support the Australian national end-of-life electronic equipment and recycling program. Lexmark has joined a government approved service to offer customers an environmentally responsible choice for disposal of their end-of-life printers.



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

The introduction of electronic waste laws in India has resulted in Lexmark working closely with the Indian Government to channel electronic waste from end-of-life products to authorized recyclers. Arrangements with authorized recyclers ensure the responsible disposal of electronic equipment to protect the environment and surrounding communities.

Click [here](#) for more information on equipment recycling in Australia.

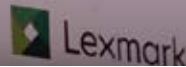
Latin America

The infrastructure for recycling electronic waste in the regions of Central and South America is emerging as national measures are taken to ensure proper disposal of end-of-life electronic equipment. Several countries and local governments, including Argentina (Buenos Aires Province), Brazil, Columbia, Costa Rica, Ecuador, Mexico,

Peru, Puerto Rico and Venezuela, have enacted forms of extended producer responsibility legislation. Lexmark is monitoring Latin America's electronic waste legislation and is working closely with our recycling partners to set up regional recycling centers to meet these new requirements.



Product Energy Use



The demand for products that consume less energy, and ultimately result in lower emissions, is ever increasing. Our customers wish to lower their impact on the environment while also reducing operating energy costs. Lexmark invests in developing energy efficient products to not only fulfill our customer's expectations, but also extend the impact of our environmental efforts far beyond what we can do within our walls.

Product Life Cycle Assessments (LCAs) confirm that improvements in energy efficiency can have a considerable effect on the use phase. For example, the Lexmark CS820 Series printers and CX820, CX825 and CX860 Series MFPs announced in 2016 demonstrate significant improvements in energy consumption as demonstrated by their LCAs—showing a 30-50 percent reduction in their Typical Electricity Consumption (TEC) values when compared to the previous generation of products.

With Lexmark Managed Print Services usage analytics and our LCA tool data, we are able to more accurately estimate the actual energy used during the customer use phase for Lexmark products. This custom estimate is substantially lower than the standard claim using the ENERGY STAR TEC calculations, which tend to overestimate actual usage.

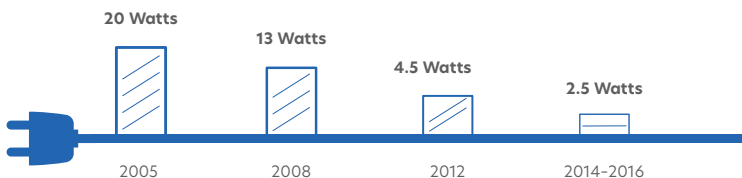
External standards and specifications help Lexmark drive efficient designs. All product families announced 2012 or later meet the energy requirements of ENERGY STAR V2.0 and have a power consumption of 4 watts or less in sleep mode. Moving forward, Lexmark will continue to reduce sleep mode power for our future products, targeting 2 watts or less in anticipation of 2019 EU requirements (European Union EC 801/2013). Lexmark products also enable the Hibernate mode to automatically engage when the products are not in use and not connected to a network.



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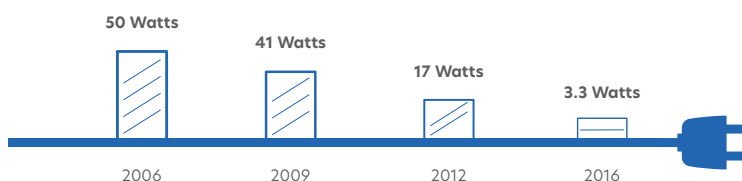
Power savings evolution: sleep power

Monochrome laser printers



An 87.5 percent reduction in sleep power since 2005!

Color laser multifunction products



A 93 percent reduction in sleep power since 2005!