

In our application, we would like to present the ways a multinational printer solution company can develop CSR strategy in line with corporate business strategy as well as local social factors. We hope to introduce you to the processes and activities as we manage them from Budapest.

Lexmark provides printing and imaging products, software, solutions and services that help customers save both time and money. In 2008, Lexmark established the Budapest Competence Center in order to provide high value added services and to serve the European, North African, and Middle Eastern member companies. Sustainability and social responsibility is a top priority to Lexmark for several reasons. First of all, this is correct behavior in itself. In addition, it is a commercially practical way. In the eyes of customers, environmental and social responsibility has become one of the most important concerns. Investors likewise expect enterprises to maintain a sustainable operation. In addition, new laws and voluntarily established rules can limit the opportunities for those markets that do not offer sustainable products or that do not operate in a responsible manner. Therefore it became clear that it is not enough to rely on corporate policies, it is necessary to develop our own CSR strategy. The Budapest Office and Green team recognized this and implemented our strategy with a volunteer group of 15 members.

When developing the CSR strategy, we also took into account our strategic partners, the current social problems in Hungary, and the Government CSR Action. We defined the following three pillars and focus areas:

- A - Social Sensitivity
- B - Health and Welfare
- C - Environment

1. Social Sensitivity

Our company participates in voluntary programs in cooperation with the United Way and the American Chamber of Commerce. One of these joint programs was Children's Island, where the Lexmark volunteers welcomed socially disadvantaged children from the Burattino School. We spent a beautiful, unforgettable day together. We've helped book-collection campaigns by delivering books to rural schools, as well as becoming involved in a clothing collection program. Lexmark also organizes Volunteer days every year. In 2015, we chose the Wildlife Park and Noe Animal shelter, where family members could participate as well. On October 3rd, we joined a voluntary program of the American Chamber of Commerce, which was held in Budapest at the Hungarian Bolyai Children's Home. There we gave our first donated printer to the Home. These programs enjoy wide popularity within Lexmark, and mean real fulfillment and relaxation to our employees as they get to know each other better while working in an escape from their daily routines.

Another important program to Lexmark is the "Visit My Workplace" program. Since March 2015, approximately 100 students from five high schools got more closely acquainted with the Lexmark center in Budapest, as the work took place in our office. We were also pleased to join the "Language Ambassador Program" that calls young peoples' attention to the importance of language skills in the world of work.

One of the diversity groups created at Lexmark is the "Women at Work" group, which brings together employees and programs and lectures, and organizes meetings for them to assist them in their daily lives, both in the office and beyond it. Also, it is important to mention that on October 15th, Budapest became the first Lexmark division to sign the Diversity Charter, which sets out the European Union's workplace anti-discrimination and equal opportunities, and that promotes policies which support employers. The main objective

is to raise awareness, to support the implementation of diversity by the commitment and support of company leaders and organizations, and to provide inspiration for the development of human resource management.

2. Health and Welfare

Senior management has recognized that our employees' physical and mental health is essential to the company's long-term success. This is why Lexmark supports the creation of various sports clubs, sporting events, and also rents sport courts for workers. It is also why Lexmark supports runners in races and why it developed a new bike-storage system to increase the number who cycle to work. In addition, to support work-life balance harmonization for employees, Lexmark provides a possibility for part-time jobs and flexible work arrangements to employees who are returning from maternity leave.

3.Environment

For decades, Lexmark has been putting great emphasis on the sustainability of products and the implementation of the socially useful services. The so-called MPS (Managed Print Services) in Hungary also benefited several large companies because it is important for more and more organizations to follow ever more sustainable business processes in our paper-dominated world. Less printing and more efficient infrastructure both contribute to our ambition for sustainability and corporate social responsibility. The company annually formulates environmental objectives and priorities, and to achieve these goals, implements different programs. One of the objectives in 2015 was the introduction of the ISO27001 and OHSAS 18001 standards, which were established by the Quality and Environmental Management group, and which were successfully certified.

Lexmark would like its suppliers to also take these issues into account, and to obey certain common commitments. For this purpose, Lexmark created the Sustainability Charter and intends for its largest and most important suppliers to sign it. This is an agreement in which the supplier takes a position on socially and environmentally important topics, such as legal compliance, human rights, labor protection and safety, business ethics, and environmental sustainability.

Our key performance indicators define the environmental, social, and governance factors that matter most to Lexmark. Based on our priorities, we set operational targets and measure our progress toward achieving these goals. (These indicators can be found in the Annex.)