AVOCADO SUSTAINBILITY REPORT 2021

GRI Standard Report

Table of Contents

Whether and how the organization applies the Precautionary Principle or approach.

Global environmental management system
IBM manages its operations to minimize their potential impact on the environment. Chemicals needed for research, development, manufacturing processes and services are selected and managed, from purchase through storage, use and disposal to avoid release and contamination of the environment. Buildings, processes and activities are monitored and optimized to minimize their use of water and energy. IBM products are designed to be energy efficient and so that they can be reused, recycled or disposed of properly at the end of their useful lives. Waste materials resulting from our operations are reused and recycled where possible.
To identify and effectively manage the potential environmental impact of IBM's operations, IBM has established and maintained a strong worldwide environmental management system (EMS) for decades. IBM's environmental management system is a vital element in the company's efforts to achieve results consistent with environmental leadership.

Driving progress with 21 goals for environmental sustainabilityf IBM's business operations
Setting goals has long been an essential part of IBM's global environmental management system, with formal goals involving energy conservation (1970s); pollution prevention and recycling (1980s); chlorofluorocarbons (1989); design for the environment (1991); ISO 14001 (1996); CO2 (2000); and specific perfluorinated compounds, PFOS and PFOA (2007), being characteristic of IBM's journey.
We recently conducted an extensive review and evaluation of our goals against our business and its intersections with the environment. As a result, we are announcing IBM's 21 goals for environmental sustainability. Many of the goals are new, some have been updated and others are continuing.
Collectively, they cover energy and climate change, conservation and biodiversity, pollution prevention and waste management, supply chain and value chain, and our global environmental management system.
IBM's Corporate Policy on Environmental Affairs includes the objectives to design and implement development and manufacturing processes that do not adversely affect the environment, as well as to design, develop, manufacture and market products that are protective of the environment. Careful attention to the basic tenets of precaution, thorough scientific analysis and review, and continual improvement in environmental performance have long characterized IBM's leadership in chemical and materials use.

The company's precautionary approach includes careful scientific review and assessment of substances prior to approval of their use in IBM's processes and products. In specific instances, IBM has chosen to ban, restrict, or substitute substances used in IBM processes and products when the weight of sound scientific evidence determines an adverse effect upon human health or the environment from that use, even when its use is permitted by law.

In addition, IBM conducts scientific investigations of approved substances when new processes or major modifications to existing processes are being developed. The objective of these investigations is to identify potential substitutes that may be environmentally preferable. IBM believes that the same scientific rigor is required when investigating the human health and environmental preferability of potential alternative substances as that given to the original substance.

IBM routinely works with industry associations and suppliers to develop and qualify alternatives with preferable human health and environmental attributes in its applications. IBM scientists also serve on University External Advisory Boards and Government Regulatory Implementation Panels directly focused on nanotechnology and green chemistry implementation. For example, our most recent IBM and the Environment Report, provides information about ongoing investigations, in cooperation with industrial hygienists and occupational physicians, into substances such as indium and indium compounds and current recommended OELs for these substances. For further information, please refer to the Supporting Information below on "Materials research and process stewardship" in the most recent IBM and the Environment Report.

IBM's environmental requirements for its products may be found in its "Engineering Specification 46G3772: Baseline Environmental Requirements for Supplier Deliverables to IBM." The most recent version of the specification is provided in the Supporting Documentation below.

Additional environmental requirements for specific products or components and for product packaging may be found at https://www-03.ibm.com/pr...

References:

- Materials Use at IBM
- IBM Environmental Reporting
- Global Procurement
- 2020 IBM and Environment Report Page(s) 5-9
- IBM Engineering Specification 2021

External Initiatives GRI 102-12

General Disclosures / Organizational Profile / External Initiatives GRI 102-12

List of externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.

Principles Endorsed	Date adopted	Type
Electronic Industry Citizenship Coalition (EICC) Code of Conduct	2004	Nonbinding/Voluntary
U.S. EPA's ENERGY STAR (charter member) - Server and Storage System specifications	Dec, 2013	Nonbinding/Voluntary
		Nonbinding/Voluntary
U.S. EPA SmartWaySM Transport Partnership	Oct 2006	Nonbinding/Voluntary
World Resources Institute Charge Initiative - Business Renewables Center and the Renewable Energy Buyers Alliance	2016	Nonbinding/Voluntary
		Nonbinding/Voluntary
European Union Data Center Code of Conduct for Energy Efficiency Participant and Stakeholder	2013	Nonbinding/Voluntary
		Nonbinding/Voluntary
SMARTer2030 Action Coalition	2016	Nonbinding/Voluntary
Renewable Energy Buyers Alliance (REBA)	2019	Nonbinding/Voluntary

Alliance to End Plastic Waste	2020	Nonbinding/Voluntary
Climate Neutral Data Centre Pact:IBM joined the Climate Neutral Data Centre Pact in May 2021.	2021	
European Green Digital Coalition: IBM became a founding member of the European Green Digital Coalition (EGDC) in 2021.	2021	Nonbinding/Voluntary
Massachusetts Institute of Technology Climate and Sustainability Consortium (MCSC): In January 2021, IBM along with a dozen other enterprises became the inaugural members of the MCSC.	2020	Nonbinding/Voluntary
World Business Council for Sustainable Development: IBM rejoined the World Business Council for Sustainable Development in 2020 to help accelerate the transition to a sustainable world.	2020	Nonbinding/Voluntary
Climate Leadership Council: IBM became a founding member of the Climate Leadership Council in 2019 and publicly supported the Council's plan for a carbon tax, with the proceeds of that tax — a "carbon dividend" — to be returned to citizens.	2019	Nonbinding/Voluntary
The Nature Conservancy and charity water: In June 2019, IBM and The Weather Company, an IBM Business, launched Forecast: Change, a new initiative to help combat freshwater scarcity in communities around the globe.	2019	Nonbinding/Voluntary
Data publicly available: Yes Link to disclosure:www.ibm.com/procurement		

Additional Comments

Stakeholder engagement and voluntary
collaborations
At IBM, we proactively engage and collaborate with stakeholders from a cross-section of nongovernmental organizations (NGOs), government agencies, businesses, industry associations, investors, academia, communities and employees.
IBM publicly discloses information on its environmental strategy, goals and targets, performance, and continual improvement activities widely through this report and other external voluntary reporting programs. Our community outreach programs include support of and participation in local environmental projects and education efforts, including Earth Hour, Earth Day, and World Environment Day. IBM also engages employees through site environmental awareness events and local clean air activities focused on the use of
public transportation. Four IBM sites currently hold Wildlife Habitat Council's Conservation Certification, recognizing their wildlife habitat management and conservation education
programs.
IBM has a Global Environmental Business Resource Group (BRG) to connect our global community of IBMers who are passionate about the environment. Business Resource Groups are volunteer, cross-department, employee-led groups that focus on a common interest or a certain constituency.
Through our Global Environmental BRG, we facilitate the sharing of ideas, accomplishments, and best practices to help scale employee-led sustainability efforts that contribute to IBM's environmental programs and goals. There are currently 28 local environmental BRG chapters, covering 70 IBM locations across 21 countries.

1. IBM has adopted the Responsible Business Alliance (RBA) Code of Conduct for its own operations and requires its direct suppliers to adhere to the RBA Code as well.
2. Voluntary environmental partnerships - An important aspect of IBM's long-standing commitment to environmental leadership is its collaboration and participation with governments, nongovernmental organizations and industry. Examples of IBM's membership or involvement in voluntary partnerships and initiatives are listed at: www.ibm.com/ibm/environment/initiatives
3. In October 2017, the Electronic Industry Citizenship Coalition (EICC) re-branded itself as the Responsible Business Alliance (RBA). All further references to EICC have been changed to RBA in this database for IBM. EICC Code evolved to the RBA Code of Conduct, V6.0, effective Jan 2018.

References:

RBA Code of Conduct V6.0

IBM Environmental Reporting

Voluntary Environmental Initiatives

2020 IBM and Environment Report — Page(s) 23-24

Membership of Associations GRI 102-13

General Disclosures / Organizational Profile / Membership of Associations GRI 102-13

Memberships of industry or other associations, and national or international advocacy organizations.

Memberships
RBA

Additional Comments

Please see our political expenditures and public policy matters section for details on our memberships and policy:
https://www.ibm.com/blogs...

References:

Political Expenditures & Public Policy Matters

Strategy

Statement From Senior Decision-maker GRI 102-14

General Disclosures / Strategy / Statement From Senior Decision-maker GRI 102-14

Statement from the most senior decision-maker at International Business Machines about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.

Please see the CEO letter in IBM's 2020 Corporate Responsibility Report, Overview Section/Chairman's Letter . https://www.ibm.org/responsibility/2019/letterhttps://ibmorg-public.s3.us-east.cloud-object-storage.appdomain.cloud/responsibility/cr/pdfs/IBM-2020-CRR.pdf

References:

2020 Corporate Responsibility Report

Key Impacts, Risks, and Opportunities GRI 102-15

General Disclosures / Strategy / Key Impacts, Risks, and Opportunities GRI 102-15

Description of key impacts, risks, and opportunities at International Business Machines.

IBM utilizes a materiality analysis to help assist us identify and analyze our intersections with society and the environment. We have conducted a non-financial materiality assessment in 2008, 2014, 2019, and 2021. That analysis maps corporate responsibility priorities to IBM's business strategy, stakeholders, and impact on global society. The results of the assessment are used to inform our CSR strategy and content included in our annual corporate responsibility report.

Through this process, we have identified intersections, issues and opportunities across the following areas:
Air, water and waste
Environmental sustainability in the supply chain
Health, safety & wellness

Diversity & Inclusion
Public policy engagement
Human rights in the supply chain
Transparency, accountability & reporting
Governance
Social and environmental application of IT
Partnerships and communities
Ethical behavior and business partnerships
Access to technology
Human capital management
Data security and privacy
Climate
Emerging technology and ethics

References:

IBM 2020 Annual Report

2020 Corporate Responsibility Report

Ethics and Integrity

Values, Principles, Standards, And Norms Of Behavior GRI 102-16

General Disclosures / Ethics and Integrity / Values, Principles, Standards, And Norms Of Behavior GRI 102-16

A description of the organization’s values, principles, standards, and norms of behavior.

At IBM, we pursue the highest standards of trust and responsibility by embedding our core values in our daily business — being a responsible steward, working with clients and suppliers, empowering IBMers, setting our governance standards and engaging with society. This approach to corporate responsibility embodies IBM’s values: — Dedication to every client’s success — Innovation that matters for our company and for the world — Trust and personal responsibility in all relationships.
In addition, IBM management system include a number of corporate directives defining IBM's policies in the many areas of sustainability. The policies cover the following:
- Business Conduct and Ethics
- Reciprocity
- Workforce Diversity
- Politics
- Employee Well-Being and Product Safety
- Diversity
- Environmental Affairs
- Quality
- Global Employment Standards

IBM’s dedication to economic, environmental, and societal leadership is an integral part of IBM’s long-term performance strategy. Under the guidance and supervision of the IBM Board of Directors, the Corporate Responsibility Executive Steering Committee provides corporate responsibility leadership. Chaired by the Vice President and Global Head of IBM Corporate Citizenship, the committee which is supported by the Corporate Responsibility Working Group, includes members from human resources, corporate governance, environmental affairs, research, investor relations, governmental programs and supply chain. The Executive Steering Committee and Working Group both meet regularly throughout the year and facilitate ongoing stakeholder engagement.

References:

www.ibm.com/ibm/values/us/

IBM Corporate Responsibility Policies

Mechanism for Advice and Concerns about Ethics GRI 102-17

General Disclosures / Ethics and Integrity / Mechanism for Advice and Concerns about Ethics GRI 102-17

Descriptions of internal and external mechanisms for seeking advice about ethical and lawful behavior, and organizational integrity and reporting concerns about unethical or unlawful behavior, and organizational integrity.

Internal and external mechanisms for seeking advice about ethical and lawful behavior, and organizational integrity: The IBM Board Corporate Governance Guidelines reflect IBM's principles on corporate governance matters. IBM's Business Conduct Guidelines (BCGs) is our code of business conduct and ethics for our directors, executive officers and employees.
Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and organizational integrity: Unethical or unlawful conduct, can be reported through any of IBM's Communication Channels: A manager IBM Human Resources IBM's Concerns & Appeals programs IBM Internal Audit for violations related to financial recording and reporting, business process violations and inappropriate use of assets IBM Corporate Security for threats or acts of violence, loss or theft of IBM assets, or violation of law on IBM premises IBM Cybersecurity Incident Response Team (CSIRT) for cybersecurity or data incidents, potential or actual system and data breaches and inadvertent disclosures IBM Counsel IBM Trust & Compliance IBM Government & Regulatory Affairs Information on contacting the Board can be found https://www.ibm.com/inves...

References:

- IBM Business Conduct Guidelines 2021
- IBM 2020 Annual Report
- 2021 IBM Proxy Statement
- 2020 Corporate Responsibility Report
- IBM 2020 10K

Governance

Governance Structure GRI 102-18

General Disclosures / Governance / Governance Structure GRI 102-18

Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.

	Name	Position or Title	Organizational Level from Board (#)	Organizational Level from CEO (#)	Reporting Line
Overall Responsibility for Corporate Social Responsibility and Sustainability	Justina Nixon-Saintil	Vice President & Global Head, Corporate Social Responsibility	3	2	Reports to Jonathan Adashek who reports to Arvind Krishna
Health and Safety	Joanna Daly; Dr. Lydia Campbell	Vice President, Compensation, Benefits, Corporate Health & Safety, and HRBD; Vice President & IBM Chief Medical Officer, Corporate Health & Safety	3	2	Reports to Nickle LaMoreaux who reports to Arvind Krishna
Diversity and Employment Equity	Carla Grant Pickens	Vice President, Global Chief Diversity & Inclusion Officer	4	3	Reports to Obed Louissaint to Nickle LaMoreaux who reports to Arvind Krishna
Community and Public Relations	Justina Nixon-Saintil	Vice President & Global Head, Corporate Social Responsibility	3	2	Reports to Jonathan Adashek to Arvind Krishna
Environmental Issues	Wayne Balta	Vice President, Corporate Environmental Affairs and Product Safety & Chief Sustainability Officer	3	2	Reports to Michelle Browdy, to Arvind Krishna
Risk Management	Paul Urbansky	Vice President & Chief Risk Officer VP Finance and Chief Risk OfficerFinance and Operations, CFO	4	3	Reports to Simon Beaumont to James Kavanaugh to Arvind Krishna
Supply Chain Social Responsibility	Bob Murphy	VP - Supply Chain & Chief Procurement Officer	3	2	Reports to James Kavanaugh to Arvind Krishna
Compliance/Ethics Issues	Hans Vad Hansen	Chief Trust and Compliance Officer	3	2	Reports to Michelle Browdy to Arvind Krishna
Human Rights Issues	Nickle LaMoreaux	Senior Vice President & Chief Human Resource Officer	2	1	Reports to Arvind Krishna
*Labor Issues	Sam Ladah	HR Vice President, Global Markets	3	2	Reports to Nickle LaMoreaux who reports to Arvind Krishna
Quality Management	Bob Griffin	Director, Corporate Product Safety And Hardware Compliance	4		Reports to Wayne Balta to Michelle Browdy, to Arvind Krishna

Consulting Stakeholders on Economic, Environmental, and Social Topics GRI 102-21

General Disclosures / Governance / Consulting Stakeholders on Economic, Environmental, and Social Topics GRI 102-21

Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.

See page 5 of our 2021 Proxy Statement for a full explanation of our integrated approach to shareholder engagement

Additional Comments

Stockholders and other interested parties who wish to communicate with the board or non-management directors of the company can send an e-mail to nonmanagementdirectors@us.ibm.com or send their correspondence to:

IBM Non-Management Directors
c/o Chair, IBM Directors and Corporate Governance Committee
International Business Machines Corporation
Mail Drop 390
New Orchard Road
Armonk, NY 10504

References:

2021 IBM Proxy Statement Page(s) 5

Composition of the Highest Governance Body and its Committees GRI 102-22

How stakeholders' views are sought and taken into account regarding remuneration.

Stockholder engagement is a core IBM practice that is a significant part of our ongoing review of our corporate governance and executive compensation programs. These discussions ensure that our stockholders understand our key decisions and that we understand their priorities and concerns. Our investor outreach program is a year-round process that includes discussion of IBM's business and long-term strategy, executive compensation programs and practices, Board compensation and refreshment, corporate governance, and corporate responsibility and sustainability. Please refer to page 5 of 2021 Proxy Statement to see the specific outcomes of our stockholder engagement.

Additional Comments

see page 5 of the 2021 Proxy Statement for supporting detail.

References:

2021 IBM Proxy Statement Page(s) 5

Annual Total Compensation Ratio GRI 102-38

General Disclosures / Governance / Annual Total Compensation Ratio GRI 102-38

Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.

Country	Ratio (Highest Paid : Median Income)

Reason for Omission:
Confidentiality Constraints
Describe the specific confidentiality constraints.

Additional Comments

This specific information is not disclosed, please refer to the Pay Ratio discussion on page 55 of the 2021 Proxy Statement for executive compensation information.

References:

2021 IBM Proxy Statement

Percentage Increase in Annual Total Compensation Ratio GRI 102-39

General Disclosures / Governance / Percentage Increase in Annual Total Compensation Ratio GRI 102-39

Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.

Country	Ratio (Highest Increase : Median Increase)

Reason for Omission:
Confidentiality Constraints
Describe the specific confidentiality constraints.

Additional Comments

This specific information is not disclosed, please refer to the Pay Ratio discussion on page 55 of the 2021 Proxy Statement for executive compensation information.

References:

2021 IBM Proxy Statement

Stakeholder Engagement

List of Stakeholder Groups GRI 102-40

General Disclosures / Stakeholder Engagement / List of Stakeholder Groups GRI 102-40

List of stakeholder groups engaged by the organization.

The ESG stakeholder engagement team works cross-functionally to engage around and report on ESG issues important to our stakeholders. Partnerships, collaborations and engagements with all of our stakeholders continue to be critical components of our strategy and enable us to overcome societal challenges that are too big for any single public entity or industry sector to manage.

Please refer to our Corporate Responsibility Report to see the full range of our partnerships and our engagement with them: https://ibmorg-public.s3....

References:

2020 Corporate Responsibility Report

Collective Bargaining Agreements GRI 102-41

General Disclosures / Stakeholder Engagement / Collective Bargaining Agreements GRI 102-41

Percentage of total employees covered by collective bargaining agreements

	2020	2019	2018	2017
Percentage of total employees covered by collective bargaining agreements:				

Reason for Omission:
Not Applicable
Explain why the disclosure or the requirement is considered not applicable.
Explained above in Additional Comments

Additional Comments

IBM is present in more than 175 countries. In many of them, our workforce is represented by Unions and a Collective Bargaining Agreement is in place. However, the level of the CBA (enterprise, sector, cross-sector or a combination) may differ from country to country, ranging from a small percentage of our employees being covered by a CBA in some locations, to full 100% coverage in others. Additionally, IBM respects employee's individual decision to join, refrain of joining and disbanding from a Union, decisions our employees around the globe execute on a daily basis As a result, it is not possible to provide an accurate response to this question.

IBM will respect the legal rights of its employees to join or to refrain from joining worker organizations, including labor organizations or trade unions. IBM complies with applicable local laws worldwide regarding employee and third-party involvement, and will not discriminate based on an employee's decision to join or not join a labor organization. IBM respects the rights of employees to organize, and makes managers at all levels aware of those rights

References:

Global Employment Standards

Identifying and Selecting Stakeholders GRI 102-42

General Disclosures / Stakeholder Engagement / Identifying and Selecting Stakeholders GRI 102-42

Basis for identification and selection of stakeholders with whom to engage.

We collaborate and engage with communities, clients, governments, shareholders, employees, and the social sector on environmental, social and governance (ESG) issues, responsible stewardship, and social impact. When engaging with stakeholders, we use the same techniques as we do in our business: user centricity, cocreation and agility delivered in leading-edge digital platforms. By applying these techniques with our IBM Enterprise Design Thinking™ Framework, we are able to work effectively with others to help deliver innovation that matters by enabling social impact at scale. We regularly review our approach to corporate responsibility. This helps us to identify and prioritize issues relevant to our business and our stakeholders.
In selecting content for inclusion in our annual corporate responsibility report , we were inspired by frameworks and initiatives such as the Global Reporting Initiative Standards, the Sustainability Accounting Standards Board, the Financial Stability Board Task Force on Climate-related Financial Disclosures, and the United Nations Sustainable Development Goals. IBM's full GRI report using the GRI Standards guidelines can be found at IBM.org. In early 2019, Business for Social Responsibility — a nonprofit consultancy dedicated to sustainability — conducted a nonfinancial materiality assessment for IBM and we are currently refreshing our materiality assessment with BSR in 2021. The results provide guidance for this report and will be used to inform our ongoing corporate responsibility strategy. As we continue to innovate and evolve, IBM regularly reviews our strategy and approach to corporate responsibility.

References:

2020 Corporate Responsibility Report

Approach to Stakeholder Engagement GRI 102-43

General Disclosures / Stakeholder Engagement / Approach to Stakeholder Engagement GRI 102-43

Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.

Stakeholder Type / Stakeholder Group	Frequency of engagement	Approach	Portion of engagement undertaken as part of the report preparation process
communities, clients, governments, shareholders, employees, and the social sector	Frequency of engagement varies by stakeholder group and type. This is an ongoing focus for IBM and therefore may be done annually, periodically or on a regular basis.	When engaging with stakeholders, we use the same techniques as we do in our business: user centricity, cocreation and agility delivered in leading-edge digital platforms. By applying these techniques with our IBM Enterprise Design Thinking™ Framework, we are able to work effectively with others to help deliver innovation that matters by enabling social impact at scale. We regularly review our approach to corporate responsibility. This helps us to identify and prioritize issues relevant to our business and our stakeholders *pro bono*	Stakeholder engagement is an integral on going element of our Corporate Responsibility strategy and not merely undertaken as part of the CR Report preparation process.
☐ No stakeholder engagement approach			

References:

2020 Corporate Responsibility Report

Key Topics and Concerns Raised GRI 102-44

General Disclosures / Stakeholder Engagement / Key Topics and Concerns Raised GRI 102-44

Key topics and concerns that have been raised through stakeholder engagement.

Stakeholder Group	Key Topics/Concerns	Response

Additional Comments

Please see the 2020 Corporate Responsibility Report and 2021 Proxy Statement where we discuss our stakeholder engagement.

References:

2021 IBM Proxy Statement

2020 Corporate Responsibility Report

Reporting Practice

Entities Included in the Consolidated Financial Statements GRI 102-45

General Disclosures / Reporting Practice / Entities Included in the Consolidated Financial Statements GRI 102-45

Entities included in the consolidated financial statements.

Entities	Report Coverage

Additional Comments

See IBM's Annual Report on Form 10-K, Exhibit 21 for listing of IBM's disclosed subsidiaries.
https://www.sec.gov/Archi...

References:

Explanation of the Material Topic and its Boundary GRI 103-1

Management Approach / Management Approach / Explanation of the Material Topic and its Boundary GRI 103-1

Explanation of the material topic and its Boundary.

Material topics	Explanation of why the topics are material	The Boundary for the material topics	Any specific limitation regarding the topic Boundary
Economic topics			
Environmental topics Materials Energy Water Biodiversity Emissions Effluents and Waste Environmental Compliance Supplier Environmental Assessment	**Management approach and its components** IBM's corporate policy on environmental affairs, first formalized in 1971, is supported by the company's global environmental management system (EMS), which is the key element of the company's efforts to achieve results consistent with environmental leadership and ensures the company is vigilant in protecting the environment across all of its operations worldwide. IBM's worldwide EMS helps identify and effectively manage the potential environmental impact of IBM's operations. At the corporate level significant environmental aspects have objectives, targets and programs assigned and implemented for protection of the environment and to amongst other things, manage compliance risk from the significant environmental impacts. These environmental and chemical management programs are designed to meet the objectives of the Environmental Policy implicitly linked to environmental compliance. We recently conducted an extensive review and evaluation of our goals against our business and its intersections with the environment. As a result, we are announcing IBM's 21 goals for environmental sustainability. Many of the goals are new, some have been updated and others are continuing. IBM in July announced 21 goals (new, updated and continuing) in the areas of Climate and Energy, Conservation and Biodiversity, Pollution Prevention and Waste Management, Supply and Value Chain, Environment Management System. More in the IBM and Environment Report 2020 **Environmental Topics** **Materials** IBM considers that aspects related to the products and the services we provide, for example energy consumption, chemical use and emissions, materials and waste, are material because of potential impacts such as depletion of natural resources, energy usage, global warming, air emissions, and water and soil pollution. This materializes as well through legislative initiatives taken by governments around the globe, reflecting societal concerns, as well as through requests from our customers to respect the environment at best possible. Compliance with legislative requirements are essential to enter and maintain trade in global markets and therefore key to IBM. Management Approach and Its components- Refer # 3826 **Energy** The topic of GHG emissions is material to IBM as IBM is a consumer of fossil fuels, electricity and purchased commodities. The	**Boundary of Materials** The program's mission is to develop, manufacture and market products that are increasingly energy efficient; can be upgraded and reused to extend product life; incorporate recycled content and environmentally preferable materials and finishes; and can be recycled and disposed of safely. These objectives are implemented through internal standards, product specifications, and other requirements in IBM's Integrated Product Development process. Product environmental attributes such as energy efficiency, materials content, chemical emissions testing, design for recycling, end-of-life management plans, and packaging data must be documented and reviewed in IBM's Product Environmental Profile tool at various check points during the development process. **Boundary of Energy** IBM uses an operational boundary approach when it comes to GHG emissions management. This boundary includes all global and corporate wide operations that use some sort of energy. IBM's direct emissions (Scope 1 emissions) occur at IBM locations that consume fossil fuels (mainly for heating purposes). IBM's indirect emissions (Scope 2) result from the use of electricity and/or purchased chilled or hot water, where the actual emissions occur at the commodity generation source (for non-renewable generation). IBM's impact in terms of GHG emissions is distributed across more than 100 countries where IBM owns or leases real estate space. In 2018 IBM expanded the scope of its energy and climate program to include in its goals the energy used and CO2 emissions associated with data centers located in facilities managed by third parties and where IBM does not procure the electricity. (Scope 3 emissions, reported under "Purchased goods and services"). The updated goals include all of IBM's global activities, whether they take place in real estate managed by IBM or in a facility managed by a third party. IBM reports scope one and scope two emissions based on activities for which we have operational control. the above mentioned Scope 3 emissions, and four additional Scope 3 emissions categories for which IBM can make some assumptions to estimate broad approximations. Please see our position on Scope 3 emissions here: https://www.ibm.com/ibm/e... **Boundary of Water and Effluents** Reducing water withdrawals: IBM's first water conservation goal was established in 2000, focusing on the significant use of water in our microelectronics manufacturing operations. With the divestiture of IBM's semiconductor manufacturing operations in 2015, our water use decreased significantly and IBM utilizes fresh water in support of its business operations primarily associated with cooling and humidity control of buildings, domestic consumption at the workplace, fire protection systems and for research, hardware development and manufacturing activities. Given the above IBM prioritized its water conservation focus and redirected resources to operations in water-stressed regions of the world with a goal to continue to produce the greatest desired outcome from our efforts. The current water conservation goal is to achieve year-to-year reductions in water withdrawals at larger IBM locations and data centers in water-stressed regions. We use the World Resources Institute's Aqueduct Water Risk Atlas, which highlights regions around the world where water resources are stressed to meet human and ecological demand, to identify IBM locations in areas of "high" or "extremely high" baseline water-stress and incorporate this with site specific criteria, to determine the locations subject to our water conservation goal. IBM requires all tier 1 suppliers to IBM to have a corporate responsibility and environmental management system of their own and that suppliers require the same of those upstream suppliers who perform work material to the goods and services provided to IBM. IBM's suppliers are to manage their responsibilities effectively, systematically, and sustainability over the long term, including for water use and discharge as applicable to their operations. IBM maintains a supplier audit program to assess supplier conformance with these requirements. **Water Discharges:** IBM complies with the requirements in our site water discharge permits issued by applicable regulatory agencies, including submitting required discharge reports to the agencies. Globally, only three IBM managed locations with discharge permits discharge treated wastewater directly to receiving waters. In addition, IBM establishes its own requirements for tracking, reporting and managing discharges at applicable locations including IBM locations in water-stressed regions that are included in our water conservation goal. While IBM does not publicly disclose water discharge volumes from locations managed by IBM globally, IBM does publish its water management performance through its annual environmental report. **Boundary of Biodiversity** While biodiversity has not been identified as a corporate-wide significant environmental aspect, we do have four IBM sites in the United States which currently have their wildlife habitat management and conservation education program certified by the Wildlife Habitat Council: Armonk, New York (IBM's Corporate Headquarters); Research Triangle Park, North Carolina; San Jose, California (IBM's Silicon Valley Laboratory); and, San Jose, California (IBM's Almaden Research Center). IBM is not only fostering habitat management at its locations, but also sharing habitat management and conservation knowledge with employees. In March 2021, IBM leveraged its 30-year collaboration with WHC to develop education materials on how to create pollinator-friendly habitats and provided it to IBM employees worldwide. Employees can reference these geography-specific Conservation Pollinator Toolkits to learn what plants are suggested for their region, including planting instructions, to start their own pollinator gardens at home, in their communities or at work. To continue to support ecosystem diversity and well-being, IBM set a new goal in April 2021 to plant 50 pollinator gardens at IBM locations globally by year-end 2023. **Boundary of Emissions** IBM uses an operational boundary approach when it comes to GHG emissions management. This boundary includes all global and corporate wide operations that use some sort of energy. IBM's direct emissions (Scope 1 emissions) occur at IBM locations	

Environmental topics Energy Water Emissions Effluents and Waste Environmental Compliance Supplier Environmental Assessment	IBM has maintained a strong worldwide Environmental Management System (EMS) for decades. Through this EMS, we manage our operations around the globe to minimize their potential impact on the environment. Governance The Vice President of Corporate Environmental Affairs and Product Safety (and Chief Sustainability Officer) is the top environmental executive of IBM. This person is authorized to set IBM's strategy for environmental affairs, including matters related to climate change, and to establish the company's environmental requirements, goals, and management system to drive consistent execution across IBM's global operations and achieve results consistent with environmental leadership. The Directors and Corporate Governance Committee of the IBM Board of Directors oversees IBM's environmental programs and performance, and is responsible for reviewing and considering IBM's position and practices on issues related to corporate responsibility such as protection of the environment, corporate citizenship, and philanthropiccontributions. The Vice President of Corporate Environmental Affairs and Product Safety meets with the board committee annually to discuss IBM's environmental programs, performance, challenges and emerging issues. Environmental Management System IBM's corporate environmental policy provides the strategic framework for the company's global EMS. The policy outlines 11 objectives that address environmental considerations of our business. IBM's EMS, which integrates corporate environmental directives governing our conduct and operations worldwide, has been sustained for decades and reflects our business and its intersections with environmental matters. The global nature and scope of IBM's EMS is unique among the IT industry and across industries. Today, the scope of IBM's EMS covers the following IBM operations worldwide: hardware product design and development, manufacturing, data centers, procurement, logistics, asset recovery services, and business services. In 1997, IBM became the first major multinational company to earn a single global registration ofits EMS to the International Organization for Standardization (ISO) 14001 environmental management systems standard and we have expanded the scope of the initial certification and maintained this global registration through our business transformation. IBM's energy management program is an integral part of its global EMS. Within one year of ISO issuing the ISO 50001 standard on energy management systems in June 2011, IBM successfully demonstrated conformity of its EMS against it. IBM has maintained this conformity ever since. IBM employs a variety of mechanisms to monitor and measure the effective implementation of its EMS requirements. These include comprehensive annual self-assessments by business functions, internal auditsconducted by IBM's corporate audit function, and ISO 14001 and ISO 50001 audits conducted by third-party auditors. Risk identification and management IBM's Enterprise Risk Management program considers environmental risks, including those related to climate change. Environmental risks are reviewed with relevant IBM organizations responsible for business operations continuity, supply chain, and reputation to ensure plans are in place to minimize risks. In addition, our global EMS also includes a process for identifying and assessing significant environmental aspects of our business. IBM considers risks as identified by the Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD) in its risk management process. IBM senior management assesses the significance of environmental and climate-related risks and opportunities. They also manage these risks and provide updates to the IBM Board of Directors and its Directors and Corporate Governance Committee about these matters. Furthermore, IBM has established internal objectives and targets for energy conservation, procurement of renewable *electricity, greenhouse gas emissions reduction and other key environmental performance indicators. Performance against these objectives and targets is routinely monitored, and results are reviewed annually by the Board's Directors and Corporate Governance Committee. While IBM, like most companies, is subject to potential* climate-related risks, we do not expect climate change or compliance with environmental laws and regulations related to climate change to have a disproportionate adverse effect on the company. Conversely, as described in the table below, we *believe that there is significant opportunity to use IBM's AI, hybrid cloud, and other technologies to assist clients with managing their climate-related risks.*
Social topics	Under the supervision of the IBM Board of Directors, the Corporate Responsibility Executive Steering Committee provides corporate social responsibility leadership. The committee is chaired by the Vice President and Global Head of IBM Corporate Citizenship and includes senior leaders from human resources, corporate governance, environmental affairs, research, investor relations, governmental programs and supply chain. Our Corporate Responsibility Working Group includes representatives from the same organizations, and both groups meet regularly and facilitate ongoing stakeholder engagement.

References:

CDP Disclosure	
CDP Climate Change / CDP Water / CDP Supply Chain Scope 3 GH...	
IBM's ISO 14001 & ISO 50001 Registrations	
IBM Auditing and Verification	
IBM Annual Environment Report	
2020 IBM and Environment Report	Page(s) 20-21
2020 Corporate Responsibility Report	

Economic

Economic Performance

Management Approach: Economic Performance GRI 103-1, 103-2, 103-3

Economic / Economic Performance / Management Approach: Economic Performance GRI 103-1, 103-2, 103-3

Explanation of Economic Performance as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.

Topic: GRI 201 Economic Performance	
103-1: Explanation of the material topic and its Boundary	The sections of our IBM Annual Reports pertaining to Corporate Governance provide an overview of business operations related to economic performance and market presence. IBM has no additional changes in reporting periods or structure to discuss on this topic.
103-2: The management approach and its components	
103-3: Evaluation of the management approach	

References:

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2020 Corporate Responsibility Report

Direct Economic Value Generated And Distributed GRI 201-1

Economic / Economic Performance / Direct Economic Value Generated And Distributed GRI 201-1

Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations

Currency:							
[report in millions]	Value generated	Value distributed					Value retained
Country, region, or market level	Revenues	Operating costs	Wages & benefits	Payments to providers of capital	Payments to governments	Community investments	(generated less distributed)

Additional Comments

IBM does not disclose this level of financial detail/information. Please see the noted Supporting References for our disclosure.

References:

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Financial Implications And Other Risks And Opportunities Due To Climate Change GRI 201-2

Economic / Economic Performance / Financial Implications And Other Risks And Opportunities Due To Climate Change GRI 201-2

Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure.

Type	Category	Description	Impact Description	Financial Implications	Methods Used to Manage Risk	Costs of Actions

Opportunity	Regulatory	Regulatory Drivers and response to the full range of regulations that may be implemented to address climate change and that are likely to include product energy efficiency regulations, energy efficiency requirements, cap and trade programs, etc: IBM's systemized approach to environmental management, and its compliance processes, experience and record lends credibility to the solutions offered by its business consulting services. These service offerings include strategy setting, compliance assurance, GHG inventory and reporting, asset management, intelligent and cognitive infrastructure and operational efficiency solutions. IBM's portfolio of energy efficient ICT equipment, data centers, and hybrid cloud offerings, deep expertise and offerings in analytics and optimization solutions and systems, analytics and cognitive capability uniquely position IBM to assist its clients in responding to the full range of energy use and GHG reduction mandates that have been established or may be considered in the future. Using its range of analytics and cognitive capabilities, IBM is poised to develop cognitive solutions that assist our clients to become more effective and efficient in identifying, understanding and complying with laws and regulations that affect them.	Other: Increased demand for products and services, premium pricing opportunities, new products and business services	These opportunities present IBM expanded market opportunities based on its portfolio of systems, software, services and solutions including the smarter buildings solution, data center management systems, software solutions, service offerings, and analytics, cognitive and research capabilities. IBM is uniquely positioned to apply one, some, or all of these capabilities in a synergistic fashion to assist clients in both private and public sectors to respond to challenges of climate change.	IBM implements ongoing and effective business processes to identify, analyze, evaluate, and exploit emerging business opportunities which can be addressed with IBM's range of expertise and offerings.	There are no extra-ordinary cost risks, as costs to execute our programs and strategy are embedded in IBM's current operational structure. IBM continues to invest significantly ($6.0 B in 2020) in research activities. A portion of these research dollars were applied to the development of products and solutions intended to address the climate change impacts of our operations and those of our clients.

Opportunity	Regulatory	Fuel/energy taxes and regulation and Cap and Trade: IBM's experience in making its own operations more energy efficient and its internal deployment of the capabilities developed by the company lend credibility to various solutions IBM offers to clients including data management, analytics and cognitive software. These tools can help clients optimize their operations and reduce their energy use and GHG emissions. IBM's business consulting services offers a suite of strategy setting, change management, business planning and process development tools to help clients minimize the impact of regulations and adapt. IBM's expertise in intelligent transportation systems and building monitoring and management help clients minimize the impact of increased fuel costs. In addition, IBM could be a provider of IT infrastructure for trading schemes. IBM's business consulting services offers a suite of strategy setting, business planning and process development tools to help clients minimize the impact of regulations and adapt. IBM's expertise and offerings such as those in intelligent grid management help utility clients become more competitive in servicing customers in a carbon constrained economy.	Other: Increased demand for products and services, premium pricing opportunities, new products and business services	These opportunities present IBM expanded market opportunities based on its portfolio of systems, software, services and solutions including the smarter buildings solution, data center management systems, software solutions, service offerings, and analytics, cognitive and research capabilities. IBM is uniquely positioned to apply one, some, or all of these capabilities in a synergistic fashion to assist clients in both private and public sectors to respond to challenges of climate change.	IBM implements ongoing and effective business processes to identify, analyze, evaluate, and exploit emerging business opportunities which can be addressed with IBM's range of expertise and offerings.	There are no extra-ordinary cost risks, as costs to execute our programs and strategy are embedded in IBM's current operational structure. IBM continues to invest significantly ($6.0 B in 2020) in research activities. A portion of these research dollars were applied to the development of products and solutions intended to address the climate change impacts of our operations and those of our clients.

Opportunity	Regulatory	Air Pollution Limits: To help address the issue of air pollution, IBM has developed next-generation pollution forecasting and management systems which draw on vast amounts of data from environmental monitoring stations, weather stations, traffic cameras and meteorological and environmental satellites. Cognitive technologies understand this data, and use it to tune a predictive model that shows where the pollution is coming from, where it will likely go, and what will be its potential effect, allowing more informed decisions about how to improve air quality. Machine learning technologies ensure that the system automatically adjusts the predictive models to different seasons and topographies.	Other: Increased demand for products and services, premium pricing opportunities, new products and business services	These opportunities present IBM expanded market opportunities based on its portfolio of systems, software, services and solutions including the smarter buildings solution, data center management systems, software solutions, service offerings, and analytics, cognitive and research capabilities. IBM is uniquely positioned to apply one, some, or all of these capabilities in a synergistic fashion to assist clients in both private and public sectors to respond to challenges of climate change.	IBM implements ongoing and effective business processes to identify, analyze, evaluate, and exploit emerging business opportunities which can be addressed with IBM's range of expertise and offerings.	There are no extra-ordinary cost risks, as costs to execute our programs and strategy are embedded in IBM's current operational structure. IBM continues to invest significantly ($6.0 B in 2020) in research activities. A portion of these research dollars were applied to the development of products and solutions intended to address the climate change impacts of our operations and those of our clients.

Opportunity	Regulatory	General environmental regulations, including planning: IBM's systemized approach to environmental management, its compliance processes, experience and record lends credibility to the solutions and services offered by IBM's business consulting services. These service offerings include strategy setting, compliance assurance, GHG inventory and reporting, asset management, intelligent and cognitive infrastructure and operational efficiency.	Other: Increased demand for products and services, premium pricing opportunities, new products and business services	These opportunities present IBM expanded market opportunities based on its portfolio of systems, software, services and solutions including the smarter buildings solution, data center management systems, software solutions, service offerings, and analytics, cognitive and research capabilities. IBM is uniquely positioned to apply one, some, or all of these capabilities in a synergistic fashion to assist clients in both private and public sectors to respond to challenges of climate change.	IBM implements ongoing and effective business processes to identify, analyze, evaluate, and exploit emerging business opportunities which can be addressed with IBM's range of expertise and offerings.	There are no extra-ordinary cost risks, as costs to execute our programs and strategy are embedded in IBM's current operational structure. IBM continues to invest significantly ($6.0 B in 2020) in research activities. A portion of these research dollars were applied to the development of products and solutions intended to address the climate change impacts of our operations and those of our clients.

Opportunity	Regulatory	Emissions Reporting Obligations: IBM's cloud based suite of software offerings including Watson, Maximo, Smarter buildings and Grid management systems offer IT based software to inventory, assess and manage energy and asset / material utilization and provides a platform that entities can use to gather data, manage assets, reduce energy use and report energy use or GHG emissions.	Other: Increased demand for products and services, premium pricing opportunities, new products and business services	These opportunities present IBM expanded market opportunities based on its portfolio of systems, software, services and solutions including the smarter buildings solution, data center management systems, software solutions, service offerings, and analytics, cognitive and research capabilities. IBM is uniquely positioned to apply one, some, or all of these capabilities in a synergistic fashion to assist clients in both private and public sectors to respond to challenges of climate change.	IBM implements ongoing and effective business processes to identify, analyze, evaluate, and exploit emerging business opportunities which can be addressed with IBM's range of expertise and offerings.	There are no extra-ordinary cost risks, as costs to execute our programs and strategy are embedded in IBM's current operational structure. IBM continues to invest significantly ($6.0 B in 2020) in research activities. A portion of these research dollars were applied to the development of products and solutions intended to address the climate change impacts of our operations and those of our clients.

Opportunity	Regulatory	Renewable Energy Regulation: IBM Intelligent Grid management software and analytics has functionality that facilitates the integration of distributed, renewable electricity generation systems into the electricity distribution grid and provides weather and cognitive based forecasting of grid demand and renewables output to enable advanced planning over a two to three day window. IBM has also done work on innovative means of managing and storing peak generation through the use of EV charging/docking systems and energy storage in refrigerated warehouses and water heaters. IBM Research continues to conduct basic research and develop materials and know how to drive down the cost of solar energy and battery technologies.	Other: Increased demand for products and services, premium pricing opportunities, new products and business services	These opportunities present IBM expanded market opportunities based on its portfolio of systems, software, services and solutions including the smarter buildings solution, data center management systems, software solutions, service offerings, and analytics, cognitive and research capabilities. IBM is uniquely positioned to apply one, some, or all of these capabilities in a synergistic fashion to assist clients in both private and public sectors to respond to challenges of climate change.	IBM implements ongoing and effective business processes to identify, analyze, evaluate, and exploit emerging business opportunities which can be addressed with IBM's range of expertise and offerings.	There are no extra-ordinary cost risks, as costs to execute our programs and strategy are embedded in IBM's current operational structure. IBM continues to invest significantly ($6.0 B in 2020) in research activities. A portion of these research dollars were applied to the development of products and solutions intended to address the climate change impacts of our operations and those of our clients.

Opportunity	Physical	Assessment of changes in precipitation amounts and patterns, including both water and snow/ice and assessment of extreme weather events and droughts. IBM possesses deep research expertise and high performance and predictive computing capabilities (e.g., weather forecasting and cognitive capability) which have been deployed to assist with preparedness and response ahead of anticipated storms; as well as water use budgeting / planning based on predictive rainfall and assessment of changes in precipitation patterns. These solutions leverage IBM's hardware, software, cloud and data analytics and cognitive capabilities. These capabilities can be leveraged to help with anticipating and preparing for extreme weather events and more effectively utilize resources. These IBM services, technologies and solutions enable business, governments and others to better understand, anticipate, and address the potential physical impacts of climate change with regards to water, resource, and systems challenges.	Increased demand for existing products/services	These opportunities present IBM expanded market opportunities based on its portfolio of systems, software, services and solutions including the smarter buildings solution, data center management systems, software solutions, service offerings, and analytics, cognitive and research capabilities. IBM is uniquely positioned to apply one, some, or all of these capabilities in a synergistic fashion to assist clients in both private and public sectors to respond to challenges of climate change.	IBM implements ongoing and effective business processes to identify, analyze, evaluate, and exploit emerging business opportunities which can be addressed with IBM's range of expertise and offerings.	There are no extra-ordinary cost risks, as costs to execute our programs and strategy are embedded in IBM's current operational structure. IBM continues to invest significantly ($6.0 B in 2020) in research activities. A portion of these research dollars were applied to the development of products and solutions intended to address the climate change impacts of our operations and those of our clients.

Opportunity	Physical	Induced changes in natural resources: IBM's hardware and software, data analytics and cognitive based capabilities, services, technologies and solutions enable business, governments and others to better understand (e.g., through modeling, predictive analytics), anticipate, and address the potential physical impacts of climate change with regards to water and other natural resource and systems challenges.	Increased demand for existing products/services	These opportunities present IBM expanded market opportunities based on its portfolio of systems, software, services and solutions including the smarter buildings solution, data center management systems, software solutions, service offerings, and analytics, cognitive and research capabilities. IBM is uniquely positioned to apply one, some, or all of these capabilities in a synergistic fashion to assist clients in both private and public sectors to respond to challenges of climate change.	IBM implements ongoing and effective business processes to identify, analyze, evaluate, and exploit emerging business opportunities which can be addressed with IBM's range of expertise and offerings.	There are no extra-ordinary cost risks, as costs to execute our programs and strategy are embedded in IBM's current operational structure. IBM continues to invest significantly ($6.0 B in 2020) in research activities. A portion of these research dollars were applied to the development of products and solutions intended to address the climate change impacts of our operations and those of our clients.
Risk	Other: Changing Consumer Behavior	As consumers, governments, and companies increase their focus on energy efficiency and GHG emissions, it is important that companies anticipate requirements for their products and deliver the necessary innovations to address changing market needs.	Reduced demand for goods and services.	IBM's early action and robust programs on energy conservation & GHG emissions reduction & our focus on developing energy efficient products, services & solutions for our clients, such as our Cognitive, AI and Analytics solutions and Cloud Platform strategies, enable us to adapt in the current and evolving public policy and regulatory environment to address our client's demands and the impacts of climate change. These programs and capabilities enable us to avoid disruptions and minimize financial impacts while capturing opportunities to provide revenue.	IBM has a well-established, global Environmental Management System (EMS), which requires regular assessment of the environmental impacts of its operations and activities and the setting of goals and objectives to pro-actively manage its significant aspects. In addition, IBM's operational expertise and experience from executing our own programs and results inform the company regarding potential and likely business opportunities.	There are no extra-ordinary cost risks, as costs to execute our programs and strategy are embedded in IBM's current operational structure. IBM continues to invest significantly ($6.0 B in 2020) in research activities. A portion of these research dollars were applied to the development of products and solutions intended to address the climate change impacts of our operations and those of our clients.

Risk	Regulatory	Regulatory Uncertainty: The lack of certainty and harmonization of the regulations and standards affecting the design and sale (e.g., product labeling, information disclosure) of products represents a risk. At issue is whether the requirements will be informed by data and recognize that data center IT products have consistently improved their energy consumption profile and the work delivered per unit of energy consumed with each new technology generation. Uncertainty and lack of harmonization exist due to the potential for different jurisdictions to implement different or even contradictory requirements. There is also the risk associated with overly prescriptive, and even inconsistent, requirements for data center operations. Data center operations are often technology-specific and client requirements driven. Regulations and standards which prescribe specific operating protocols may cause significant risks to the reliability of the data center operations and our ability to meet our customer requirements. The uncertainty and lack of harmonization of the regulations and standards lead to business inefficiencies and could cause bifurcated compliance strategies. In addition to the above risks of uncertainty, there is also uncertainty associated with the implementation of carbon taxes, cap & trade schemes, emissions reporting obligations, and fuel & energy taxes. While we believe these are largely priced into the market and hence removed these items from our list of direct risk, the potential impacts will change with time and there is potential for higher energy costs if/when one or more of these actions is implemented.	Operational inefficiency, increased operational costs and inability to do business	The uncertainty and lack of harmonization in the regulations may impact the operating modes we use to meet our client's reliability, availability and serviceability requirements, our product design strategy and ability to put products on the market, as well as compliance cost. The uncertainty in the regulations create uncertainty in our costs of electricity and fuel. IBM does not provide estimates of potential capital, expense and revenue implications of specific regulatory actions.	IBM has experienced staff and long established processes to track and manage regulations and standards including those affecting product design, sale and marketing, as well as data center operations. IBM complies with applicable regulations and standards globally.	It is not possible to assess the cost and revenue implications of a given regulatory change until that change is proposed. We expect some cost increases over time due to increases to our current energy costs.

Risk	Regulatory	Product energy efficiency regulations and standards, such as the EU Energy Related Product Directive, ICT Equipment energy efficiency standards proposed by China National Institute of Standardization and Ministry of Environmental Protection in China, the Japan Energy Law, and the ENERGY STAR program IT equipment requirements, will have applicability to IBM's product design, manufacturing, testing and qualification processes. They also will affect the components that we source from our supply chain.	As countries and regions drive to adopt more product energy efficiency requirements, failure to anticipate these developments and design energy efficiency products there is a risk of losing market access with resulting loss of revenue. Financial implications result from testing required to measure energy use of the products and cost of updating fulfillment systems to provide necessary labels, fliers, and/or electronic documentation with products. If no action is taken, market access may be lost.	As countries and regions drive to adopt more product energy efficiency requirements, failure to anticipate these developments and design energy efficiency products would create a risk of losing market access with resulting loss of revenue. Financial implications result from testing required to measure energy use of the products and cost of updating fulfillment systems to provide necessary labels, fliers, and/or electronic documentation with products. If no action is taken, market access may be lost.	At the most foundational level IBM has executed a formal product stewardship program since 1991. One of the stated focus objectives of this program is designing server and storage products to be energy efficient. The IBM product design teams follow the IBM Product Stewardship process which gives consideration to product energy efficiency. With respect to the external requirements landscape, IBM is actively involved in the development of ICT product energy efficiency requirements through participation in industry groups such as The Green Grid, standards bodies such as ETSI, and government efforts such as the USEPA ENERGY STAR program. IBM works through these groups toward setting sensible energy efficiency requirements for ICT equipment which enable product innovation while delivering more performance per unit of energy consumed by ICT equipment users.	Integration of energy efficiency considerations in the product development process as part of the IBM product stewardship program (formalized in 1991) limits the financial impact of these requirements. However, there are cost implications as energy efficient designs are likely to have higher component costs and require the development of more sophisticated firmware and software management systems.

Risk	Regulatory	Renewable energy regulations: Increased renewable energy generation requirements are likely to increase the cost of electricity at facilities and increase the risk of grid instability where aggressive efforts are not undertaken to upgrade the grid and its associated management systems to manage the intermittent nature of wind and solar generating facilities.	Increased operational cost and increased potential for power interruptions due to intermittent nature of renewable generation sources can cause grid instability and require the maintenance of spinning conventional resources to insure reliability of electricity delivery.	Currently, electricity generated from renewable sources has higher costs than that generated from conventional sources due to the need to firm intermittent renewable generation to provide reliable power. Higher levels of renewable generation, under current market conditions and technology capabilities, will drive generally higher utility rates.	Efforts to reduce our electricity consumption help to offset the additional costs driven by renewable generation assets in some jurisdictions. The Real Estate group is working with various suppliers to identify and capture opportunities to install on-site renewable generation projects, primarily solar photovoltaic installations, and/or procure renewable electricity from grid based, commercial projects at rates equal to or less than grid rates.	We expect some electricity cost increases over time.
Risk	Other: Reputation	Companies are increasingly being assessed on their environmental programs, including their efforts to improve the energy efficiency of their operations, reducing their GHG emissions and providing products and services to their clients that enable clients to take action on these attributes of their operation. IBM has demonstrated leadership in energy management for 4 decades and in climate protection for over two decades; IBM provides products and services that enable its clients to improve performance and demonstrate leadership. These programs are described in the IBM environmental report.	Reputation risk extends across many aspects of a company's business.	IBM's early action and robust programs on energy conservation & GHG emissions reduction & our focus on developing energy efficient products, services & solutions for our clients, such as our Cognitive, AI and Analytics solutions and Cloud Platform strategies, enable us to adapt in the current and evolving public policy and regulatory environment to address our client's demands and the impacts of climate change. These programs and capabilities enable us to avoid disruptions and minimize financial impacts while capturing opportunities to provide revenue.	IBM has a well-established, global Environmental Management System (EMS), which requires regular assessment of the environmental impacts of its operations and activities and the setting of goals and objectives to pro-actively manage its significant aspects. In addition, IBM's operational expertise and experience from executing our own programs and results inform the company regarding potential and likely business opportunities.	There are no extra-ordinary cost risks, as costs to execute our programs and strategy are embedded in IBM's current operational structure. IBM continues to invest significantly ($6.0 B in 2019) in research activities. A portion of these research dollars were applied to the development of products and solutions intended to address the climate change impacts of our operations and those of our clients.

Explanation of Market Presence as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.

Topic: GRI 202 Market Presence	
103-1: Explanation of the material topic and its Boundary	IBM operates in more than 175 countries with a broad distribution of revenue. To manage this global footprint, Global Markets leads our dedicated country-based IBM operations in order to serve clients, develop markets, and ultimately, ensure IBM is led through a client lens. These integrated teams serve our clients locally, complemented by digital capabilities, global talent and resources, and an extensive partner ecosystem. These country teams have client relationship managers at their center, who integrate teams of IBM consultants, solution specialists, delivery professionals and business partners on behalf of clients. Their mission is to provide insights and innovation and co-create with clients to help them address their most pressing business challenges and opportunities.
103-2: The management approach and its components	
103-3: Evaluation of the management approach	

Additional Comments

References:

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Ratio of Standard Entry Level Wage by Gender Compared to Local Minimum Wage GRI 202-1

Economic / Market Presence / Ratio of Standard Entry Level Wage by Gender Compared to Local Minimum Wage GRI 202-1

Anti-Corruption

Management Approach: Anti-corruption GRI 103-1, 103-2, 103-3

Economic / Anti-Corruption / Management Approach: Anti-corruption GRI 103-1, 103-2, 103-3

Explanation of Anti-corruption as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.

Topic: GRI 205 Anti-corruption	
103-1: Explanation of the material topic and its Boundary	IBM prohibits bribery and kickbacks of any kind.
103-2: The management approach and its components	IBM's Business Conduct Guidelines (BCGs) is our code of business conduct and ethics for our directors, executive officers and employees. IBM's Directors and top management are committed to countering bribery, as manifest in the following: (1) IBM's entire compliance program; (2) the Chairman/President/CEO introduction to the Business Conduct Guidelines; (3) the Integrity leadership discussion and tools found on IBM's website; and (4) our transparent corporate governance systems.
103-3: Evaluation of the management approach	Violations of BCGs or other unethical or unlawful conduct, can be reported through any of IBM's Communication Channels: › Your manager › IBM Human Resources › IBM's Concerns & Appeals programs › IBM Internal Audit for violations related to financial recording and reporting, business process violations and inappropriate use of assets › IBM Corporate Security for threats or acts of violence, loss or theft of IBM assets, or violation of law on IBM premises› IBM Cybersecurity Incident Response Team (CSIRT) for cybersecurity or data incidents, potential or actual system and data breaches and inadvertent disclosures › IBM Counsel › IBM Trust & Compliance › IBM Government & Regulatory Affairs. a IBM will promptly review a report of actual or potential violations of the BCGs or other unlawful or unethical conduct. IBM will not tolerate threats or acts of retaliation against an employee for making a report.

References:

- IBM Policies and Principles
- Trust and Compliance Website
- Corporate Governance Website
- IBM Business Conduct Guidelines 2020

Operations Assessed for Risks Related to Corruption GRI 205-1

Economic / Anti-Corruption / Operations Assessed for Risks Related to Corruption GRI 205-1

Total number and percentage and of operations assessed for risks related to corruption and the significant risks identified.

	2020	2019	2018	2017
Total number of business units analyzed for risks related to corruption				
Percentage of business units analyzed for risks related to corruption				
Significant risks related to corruption identified through the risk assessment:				

Additional Comments

IBM has robust processes for analyzing and reviewing risks related to corruption in all its business units on an ongoing basis, including formal audits as well as proactive audits at the business unit level. We have put in place a consistent, systemic and integrated approach to Enterprise Risk Management (ERM) designed to identify, mitigate and manage significant risks throughout the company. The ERM function looks across organizational silos and develops a holistic view of risks at an enterprise level. It brings an outside-in perspective and performs a cumulative assessment of enterprise risks across the entire organization. Finally, the program assesses the interdependencies between risks, and collaborates with risk owners to optimize actions across entities.

References:

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Communication and Training about Anti-Corruption Policies and Procedures GRI 205-2

Economic / Anti-Corruption / Communication and Training about Anti-Corruption Policies and Procedures GRI 205-2

Communication and training about anti-corruption policies and procedures.

			2020		2019		2018		2017	
Communication on anti-corruption policies and procedures			Total	Percent	Total	Percent	Total	Percent	Total	Percent
Governance body members				%		%		%		%
Employees				%		%		%		%
Business partners				%		%		%		%
Training on anti-corruption										
Governance body members				%		%		%		%
Employees				%		%		%		%
Has the organization communicated its anti-corruption policies and procedures to other persons or organizations?										

Additional Comments

IBM achieved 100% participation in its annual Business Conduct Guidelines program in 2020. Each year, employees worldwide certify to our BCG policy, currently available in 26 languages, and complete the BCG course. In addition to the yearly BCG training for all IBMers, IBM Trust and Compliance conducts extensive in-person training each year. The IBM Trust and Compliance team also deploys online integrity training targeting IBMers in specific career situations, such as when they are new to IBM, new to management, or new to emerging markets. Tens of thousands of IBMers take these additional modules each year. Beyond the online training modules, in a typical year, IBM Trust and Compliance also conducts extensive in-person training on topics including public procurement, business amenities, anti-corruption, speaking up and nonretaliation, being a gatekeeper and fraud prevention. These integrity summit training initiatives are sponsored and attended by our business leaders, setting the right tone from the top. They are customized to highlight the particular risks facing the particular audience. In 2020, the COVID-19 pandemic required us to adapt how we deliver integrity education, and Trust and Compliance quickly embraced virtual learning, leveraging new tools and applications, such as live polling, to host integrity summits around the world and drive learner engagement and participation. We also provided specific training on compliance and ethics risks that emerged as a result of the global pandemic.

References:

IBM Business Conduct Guidelines 2020

2020 Corporate Responsibility Report

Confirmed Incidents of Corruption and Actions Taken GRI 205-3

Economic / Anti-Corruption / Confirmed Incidents of Corruption and Actions Taken GRI 205-3

Confirmed incidents of corruption and actions taken

	2020	2019	2018	2017
Total number of confirmed incidents of corruption:				
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption:				
Total number of confirmed incidents when contracts with business partners were not renewed due to violations related to corruption:				
Nature of confirmed incidents of corruption:				
Public legal cases regarding corruption brought against the organization or its employees during the reporting period:				

Additional Comments

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Please refer to our SEC filings for additional details

References:

IBM SEC filings

2020 Corporate Responsibility Report

Anti-Competitive Behavior

Management Approach: Anti-competitive Behavior GRI 103-1, 103-2, 103-3

Economic / Anti-Competitive Behavior / Management Approach: Anti-competitive Behavior GRI 103-1, 103-2, 103-3

Explanation of Anti-competitive Behavior as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.

Topic: GRI 206 Anti-competitive Behavior	
103-1: Explanation of the material topic and its Boundary	IBM is committed to principles of business ethics and lawful conduct. It is IBM's policy to conduct itself ethically and lawfully in all matters and to maintain IBM's high standards of business integrity. Employees must at all times comply with IBM's business conduct and related guidelines. Violation of any IBM guideline is cause for discipline, including dismissal from the company. Employees should consult their management immediately if they have any question whether their actions could violate an IBM guideline. Furthermore, it is IBM's practice to voluntarily and promptly disclose known violations of government procurement laws to appropriate officials of government. In the event that IBM benefited economically from such known violations, it is our practice to reimburse the government customer accordingly. IBM employees should immediately make known to appropriate levels of management, either directly or through the Open Door or Speak-Up programs, any and all allegations of violations in connection with any government contract. The Senior Vice President and General Counsel is responsible for providing specific instructions regarding business conduct and ethics and, as appropriate, directing periodic reviews, including business conduct guideline certification programs, to ensure compliance. Each operating unit or subsidiary is responsible for implementing such instructions, including administering certification programs. Please refer to the 2020 Business Conduct Guidelines
103-2: The management approach and its components	IBM is committed to principles of business ethics and lawful conduct. It is IBM's policy to conduct itself ethically and lawfully in all matters and to maintain IBM's high standards of business integrity. Employees must at all times comply with IBM's business conduct and related guidelines. Violation of any IBM guideline is cause for discipline, including dismissal from the company. Employees should consult their management immediately if they have any question whether their actions could violate an IBM guideline. Furthermore, it is IBM's practice to voluntarily and promptly disclose known violations of government procurement laws to appropriate officials of government. In the event that IBM benefited economically from such known violations, it is our practice to reimburse the government customer accordingly. IBM employees should immediately make known to appropriate levels of management, either directly or through the Open Door or Speak-Up programs, any and all allegations of violations in connection with any government contract. The Senior Vice President and General Counsel is responsible for providing specific instructions regarding business conduct and ethics and, as appropriate, directing periodic reviews, including business conduct guideline certification programs, to ensure compliance. Each operating unit or subsidiary is responsible for implementing such instructions, including administering certification programs. Please refer to the 2020 Business Conduct Guidelines
103-3: Evaluation of the management approach	IBM is committed to principles of business ethics and lawful conduct. It is IBM's policy to conduct itself ethically and lawfully in all matters and to maintain IBM's high standards of business integrity. Employees must at all times comply with IBM's business conduct and related guidelines. Violation of any IBM guideline is cause for discipline, including dismissal from the company. Employees should consult their management immediately if they have any question whether their actions could violate an IBM guideline. Furthermore, it is IBM's practice to voluntarily and promptly disclose known violations of government procurement laws to appropriate officials of government. In the event that IBM benefited economically from such known violations, it is our practice to reimburse the government customer accordingly. IBM employees should immediately make known to appropriate levels of management, either directly or through the Open Door or Speak-Up programs, any and all allegations of violations in connection with any government contract. The Senior Vice President and General Counsel is responsible for providing specific instructions regarding business conduct and ethics and, as appropriate, directing periodic reviews, including business conduct guideline certification programs, to ensure compliance. Each operating unit or subsidiary is responsible for implementing such instructions, including administering certification programs. Please refer to the 2020 Business Conduct Guidelines

Additional Comments

References:

- IBM Business Conduct Guidelines 2020
- 2020 Corporate Responsibility Report

Legal Actions for Anti-Competitive Behavior, Anti-trust, and Monopoly Practices GRI 206-1

Economic / Anti-Competitive Behavior / Legal Actions for Anti-Competitive Behavior, Anti-trust, and Monopoly Practices GRI 206-1

Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes

	2020	2019	2018	2017
Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices:				
Main outcomes of completed legal actions, including any decisions/judgments:				

Additional Comments

Please see IBM's 2020 Annual Report.

References:

2020 Corporate Responsibility Report

Tax

Management Approach: Tax GRI 103-1, 103-2, 103-3

Economic / Tax / Management Approach: Tax GRI 103-1, 103-2, 103-3

Explanation of Tax as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.

Topic: GRI 207 Tax	
103-1: Explanation of the material topic and its Boundary	See IBM Tax Governance Policy : https://www.ibm.com/inves...
103-2: The management approach and its components	See IBM Tax Governance Policy : https://www.ibm.com/inves...
103-3: Evaluation of the management approach	See IBM Tax Governance Policy : https://www.ibm.com/inves...

References:

IBM Tax Governance Policy

Approach to Tax GRI 207-1

Economic / Tax / Approach to Tax GRI 207-1

Explanation of Materials as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.

Topic: GRI 301 Materials	
103-1: Explanation of the material topic and its Boundary	IBM considers that aspects related to the products and the services we provide, for example energy consumption, chemical use and emissions, materials and waste, are material because of potential impacts such as depletion of natural resources, energy usage, global warming, air emissions, and water and soil pollution. This materializes as well through legislative initiatives taken by governments around the globe, reflecting societal concerns, as well as through requests from our customers to respect the environment at best possible. Compliance with legislative requirements are essential to enter and maintain trade in global markets and therefore key to IBM. IBM's Product Stewardship program was established in 1991 as a proactive and strategic approach to the environmental design and management of its products. The program's mission is to develop, manufacture and market products that are increasingly energy efficient; can be upgraded and reused to extend product life; incorporate recycled content and environmentally preferable materials and finishes; and can be recycled and disposed of safely. Compliance management tools like the Product Content Declaration for IBM Suppliers support the assessments required for a complete Product Environmental Profile prior to product release. IBM's design and compliance controls, including a specification for Baseline Environmental Requirements for Supplier Deliverables to IBM, Product Content Declarations, and compliance assessment protocols are managed by an interdisciplinary team with representatives from all IBM organizations thatdesign, manufacture, procure, deliver and service our product offerings. The team's activities are coordinated by IBM's Center of Excellence for Product Environmental Compliance. More information on our Product Stewardship activities can be found at: http://www.ibm.com/ibm/en.... Hardware development and product design processes are incorporated into IBM's globally accredited ISO 14001 Environmental Management System (EMS). The supply chain represents a significant aspect of IBM's product manufacturing. Accordingly, our worldwide EMS includes programs and processes to monitor and verify supply chain performance against IBM's environmental requirements as well as legal requirements. Frequent verification of product data is needed to maintain the accurate status of parts and products in IBM's integrated supply chain. In 2013, IBM developed a new process to automate the revalidation of Product Content Declarations (PCDs) for procured parts. The process includes a regular refresh cycle for PCDs whereby we request suppliers to update their declarations. In 2015, IBM automated key elements of its PCD process to help ensure that the PCDs are current. Additional enhancements included a help function that provides IBM's suppliers with real-time assistance should they have questions regarding IBM's requirements for submission of a PCD. IBM conducts quality audits of PCDs to drive improvements in the content of the declarations and in the supporting administrative process. The continual improvements in product material content data management ensure that IBM's technical documentation for product hardware meets the quality requirements of European Norm 50581: "Technical documentation for the assessment of electrical and electronic products with respect to the restriction of hazardous substances". Also the deployment of analytical tools for managing environmental compliance of products avoided extensive time spent on analyzing complex bill-of-materials and helped engineers and procurement staff, coupled with supply chain information, to ensure compliance while avoiding a negative impact on the business.
103-2: The management approach and its components	IBM's design and compliance controls, including a specification for Baseline Environmental Requirements for Supplier Deliverables to IBM, Product Content Declarations, and compliance assessment protocols are managed by an interdisciplinary team with representatives from all IBM organizations that design, manufacture, procure, deliver and service our product offerings. The team's activities are coordinated by IBM's Center of Excellence for Product Environmental Compliance. More information on our Product Stewardship activities can be found at: http://www.ibm.com/ibm/en.... Hardware development and product design processes are incorporated into IBM's globally accredited ISO 14001 Environmental Management System (EMS). The supply chain represents a significant aspect of IBM's product manufacturing. Accordingly, our worldwide EMS includes programs and processes to monitor and verify supply chain performance against IBM's environmental requirements as well as legal requirements.
103-3: Evaluation of the management approach	Frequent verification of product data is needed to maintain the accurate status of parts and products in IBM's integrated supply chain. In 2013, IBM developed a new process to automate the revalidation of Product Content Declarations (PCDs) for procured parts. The process includes a regular refresh cycle for PCDs whereby we request suppliers to update their declarations. In 2015, IBM automated key elements of its PCD process to help ensure that the PCDs are current. Additional enhancements included a help function that provides IBM's suppliers with real-time assistance should they have questions regarding IBM's requirements for submission of a PCD. IBM conducts quality audits of PCDs to drive improvements in the content of the declarations and in the supporting administrative process. The continual improvements in product material content data management ensure that IBM's technical documentation for product hardware meets the quality requirements of European Norm 50581: "Technical documentation for the assessment of electrical and electronic products with respect to the restriction of hazardous substances". Also the deployment of analytical tools for managing environmental compliance of products avoided extensive time spent on analyzing complex bill-of-materials and helped engineers and procurement staff, coupled with supply chain information, to ensure compliance while avoiding a negative impact on the business.

Additional Comments

IBM does not track the total amounts, neither in weight or volume, of raw materials that are used to produce and package the organization's primary products and services. Most of the components and parts used in IBM's products are components and assemblies as opposed to raw materials. Raw materials that are directly procured by IBM or its contact manufacturers include metals used in systems enclosures and plastics used for structural parts internal to products as well as for decorative accents on enclosures. Most of our products based on weight consist of metals, which while not renewable are highly recyclable. IBM has included – as part of its worldwide environmental management system – efforts to reduce the material intensity and efforts to increase the products efficiency through its Product Stewardship. IBM's Product Stewardship program was established in 1991 as a proactive and strategic approach to the environmental design and management of its products. The program's mission is to develop, manufacture and market products that are increasingly energy efficient; can be upgraded and reused to extend product life; incorporate recycled content and environmentally preferable materials and finishes; and can be recycled and disposed of safely. These objectives are implemented through internal standards, product specifications, and other requirements in IBM's Integrated Product Development process. Product environmental attributes such as energy efficiency, materials content, chemical emissions testing, design for recycling, end-of-life management plans, and packaging data must be documented and reviewed in IBM's Product Environmental Profile tool at various check points during the development process. More information on the Product Stewardship can be found at:
http://www.ibm.com/ibm/en...

References:

- Materials Use at IBM
- IBM Environmental Reports
- 2020 IBM and Environment Report — Page(s) 36

Materials Used By Weight Or Volume GRI 301-1

Environmental / Materials / Materials Used By Weight Or Volume GRI 301-1

Total weight or volume of materials that are used to produce and package the organization’s primary products and services during the reporting period.

	Unit (weight or volume)	% internally sourced	% externally sourced
Raw materials used	n/a	n/a	n/a
Total non-renewable materials	n/a	n/a	n/a
Total renewable materials used	n/a	n/a	n/a
	TOTAL:	n/a	n/a
Data is sourced from direct measurements			
Data publicly available: No			

Additional Comments

IBM does not track the total amounts, neither in weight or volume, of raw materials that are used to produce and package the organization’s primary products and services. Most of the components and parts used in IBM’s products are components and assemblies as opposed to raw materials. Raw materials that are directly procured by IBM or its contact manufacturers include metals used in systems enclosures and plastics used for structural parts internal to products as well as for decorative accents on enclosures. Most of our products based on weight consist of metals, which while not renewable are highly recyclable. IBM has included – as part of its worldwide environmental management system – efforts to reduce the material intensity and efforts to increase the products efficiency through its Product Stewardship. IBM’s Product Stewardship program was established in 1991 as a proactive and strategic approach to the environmental design and management of its products. The program’s mission is to develop, manufacture and market products that are increasingly energy efficient; can be upgraded and reused to extend product life; incorporate recycled content and environmentally preferable materials and finishes; and can be recycled and disposed of safely. These objectives are implemented through internal standards, product specifications, and other requirements in IBM's Integrated Product Development process. Product environmental attributes such as energy efficiency, materials content, chemical emissions testing, design for recycling, end-of-life management plans, and packaging data must be documented and reviewed in IBM's Product Environmental Profile tool at various check points during the development process. More information on the Product Stewardship can be found at:
http://www.ibm.com/ibm/en...
More information on Packaging can be found at:
http://www.ibm.com/ibm/en...
See References below.

References:

- IBM Product Stewardship
- IBM's Environmental Packaging Program
- IBM Environmental Reports
- 2020 IBM and Environment Report — Page(s) 36-39

Deemed material? Yes

Recycled Input Materials Used GRI 301-2

Environmental / Materials / Recycled Input Materials Used GRI 301-2

Percentage of recycled input materials used to manufacture the organization’s primary products and services.

	2020	2019	2018	2017
% recycled input materials used:				
Data Publicly Available:				

Reason for Omission:
Not Applicable

Explain why the disclosure or the requirement is considered not applicable.
IBM Product Packaging: IBM directly procure paper and paper/wood-based packaging materials warranted by our suppliers as being sourced from sustainably managed forests. Packaging materials used for IBM logo products, for example, plastics, corrugated cardboard and much of the metal has some recycled sources. For example, soft plastic materials have up to 15% recycled sources. Paper and cardboard packaging materials have from 20% up to 50% recycled content.
IBM has focused on the environmental attributes of its product packaging since the late 1980s. A key priority is to design products which can be shipped with a minimum amount of packaging materials. Beyond that, whenever possible, we choose packaging materials that have the least adverse impact on the environment, collaborating with suppliers to use recycled content and recyclable materials, and to promote reuse.

Our corporate environmental requirements for product packaging are embedded in various engineering specifications and procurement documents, which extend their reach beyond IBM to include our supply chain and other business partners.

All product packaging suppliers that pack or ship products to customers on behalf of IBM worldwide must submit packaging environmental data to IBM, along with other relevant compliance and performance data. Suppliers that do not conform to an IBM specification or other requirement must submit and implement improvement plans to close out the identified issues within an agreed timeframe.

IBM's strategy for reducing the environmental impact of our packaging includes:

- Minimizing the environmental impact of packaged products through the efficient use of materials and improved product ruggedness.
- Implementing sustainable packaging designs through efficient form and function, use of recyclable and/or renewable materials, while maintaining overall low cost to ensure economic viability.
- Implementing solutions that reduce the amount of packaging required and costs while maintaining the essential protective quality of the product packaging system.

In accordance with the IBM Packaging Requirements Manual, Document Number: GA21-9261-11b, corrugated fiberboard and paper used in packaging for IBM logo products must be 20% by weight or great recycled content.

Refer to the engineering specifications on our website links at:

1. Product and Packaging Engineering & Environmental Requirements: https://www.ibm.com/procu...
2. IBM Packaging Requirements Manual: https://gpcontentstorage-...
3. IBM Recyclable Packaging Materials Selection and Identification: https://gpcontentstorage-...

Additional Comments

IBM tracks compliance through supplier guarantee and scheduled supplier audits conducted by IBM. Paper/Wood-based packaging materials is tracked by amount of spend and is not formally tracked by weight of corrugated fiberboard packaging that includes recycled content of 20% or greater.

IBM Product Packaging: IBM directly procure paper and paper/wood-based packaging materials warranted by our suppliers as being sourced from sustainably managed forests. Packaging materials used for IBM logo products, for example, plastics, corrugated cardboard and much of the metal has some recycled sources. For example, soft plastic materials have up to 15% recycled sources. Paper and cardboard packaging materials have from 20% up to 50% recycled content.
IBM has focused on the environmental attributes of its product packaging since the late 1980s. A key priority is to design products which can be shipped with a minimum amount of packaging materials. Beyond that, whenever possible, we choose packaging materials that have the least adverse impact on the environment, collaborating with suppliers to use recycled content and recyclable materials, and to promote reuse.

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Refer to the engineering specifications on our website links at:

1. Product and Packaging Engineering & Environmental Requirements: https://www.ibm.com/procu...
2. IBM Packaging Requirements Manual: https://gpcontentstorage-...
3. IBM Recyclable Packaging Materials Selection and Identification: https://gpcontentstorage-...

References:

IBM Annual Environment Report	
IBM Product and Packaging Engineering & Environmental Requir...	
2020 IBM and Environment Report	Page(s) 38-39

Deemed material? Yes

Reclaimed Products and their Packaging Materials GRI 301-3

Environmental / Materials / Reclaimed Products and their Packaging Materials GRI 301-3

Percentage of reclaimed products and their packaging materials for each product category.

Category of product sold	% of reclaimed products and their packaging materials in 2020	% of reclaimed products and their packaging materials in 2019	% of reclaimed products and their packaging materials in 2018	% of reclaimed products and their packaging materials in 2017	How data was collected
IT products, parts and components.	114	148	135	130	The annual total weight of end-of-life (EOL) IT equipment and product material recovered by IBM's product end-of-life management (PELM) operations worldwide is divided by the total average weight of new IBM Logo Product sold globally during the same period to obtain the percentage of recovered verses new product sold. **Data collection method:** The total weight of end-of-life (EOL) IT equipment and product waste collected and processed by IBM's product end-of-life management (PELM) operations worldwide is tracked and calculated on a calendar year. The program handles IBM and non-IBM branded IT equipment, as well as discarded IT equipment recovered from country product take back schemes. Any product packaging not disposed of at the installation site of the business customer is either recovered and processed through IBM global PELM operations or recovered through IBM's facility waste collection and disposal operations, or through third party data centre waste disposal services The total weight of annual product sales for IT equipment is estimated from the average weight for a family of products, for example average weights from various models of storage, server, display systems sold in the applicable calendar year. Sales data is collected from internally audited financial sources while product EOL data is reported on a quarterly basis in the IBM PELM Environmental Performance Database (EPD).

Additional Comments

The total annual weight of end-of-life (EOL) IT equipment and product waste reclaimed by IBM's product end-of-life management (PELM) operations worldwide during the reporting year is divided by the total annual estimated weight of new IT equipment sold worldwide during the year in which they were recovered.

In 2020, IBM’s global product end-of-life management operations processed over 16,900 MT of end-of-life products and product waste. More than 96 percent (by weight) was recycled, resold, or reused, 3 percent was sent to waste-to-energy, and less than 1 percent was sent to landfill or incineration operations for disposal.

Further details of our design for environment program covering product and its packaging are outlined on pages 38-39 of the latest IBM and the Environment report at: https://www.ibm.com/ibm/e...

References:

IBM Product Stewardship	
IBM Product and Packaging Engineering & Environmental Requir...	
2020 IBM and Environment Report	Page(s) 38-39

Deemed material? No

Energy

Management Approach: Energy GRI 103-1, 103-2, 103-3

Environmental / Energy / Management Approach: Energy GRI 103-1, 103-2, 103-3

Explanation of Energy as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.

Topic: GRI 302 Energy	
103-1: Explanation of the material topic and its Boundary	a. The topic of GHG emissions is material to IBM as IBM is a consumer of fossil fuels, electricity and purchased commodities. The consumption of fossil fuels or use of electricity or purchased commodities are associated with GHG emissions to the atmosphere. To a much more limited extend, IBM also uses chemicals with global warming potential in research, development and manufacturing activities. b. IBM uses an operational boundary approach when it comes to GHG emissions management. This boundary includes all global and corporate wide operations that use some sort of energy. IBM’s direct emissions (Scope 1 emissions) occur at IBM locations that consume fossil fuels (mainly for heating purposes). IBM’s indirect emissions (Scope 2) result from the use of electricity and/or purchased chilled or hot water, where the actual emissions occur at the commodity generation source (for non-renewable generation). IBM’s impact in terms of GHG emissions is distributed across more than 100 countries where IBM owns or leases real estate space. In 2018 IBM expanded the scope of its energy and climate program to include in its goals the energy used and CO2 emissions associated with data centers located in facilities managed by third parties and where IBM does not procure the electricity. The updated goals include all of IBM’s global activities, whether they take place in real estate managed by IBM or in a facility managed by a third party. c. IBM reports scope one and scope two emissions based on activities for which we have operational control.

103-2: The management approach and its components	1. IBM's worldwide Environmental Management System (WW EMS) is the backbone of how IBM manages its environmental intersections, impacts and performance – including GHG emissions. Energy management is an integral part of IBM's WW EMS. In IBM's WW EMS and Energy Management System (EnMS), objectives, roles and responsibilities within the organization are clearly specified with the objective, for example, to achieve continual improvement of energy performance at a global level. Our approach groups IBM locations according to their energy consumption levels and requires them to establish energy conservation plans along with the necessary budget to execute, and to measure or calculate the associated energy savings delivered on a project basis. These results are consolidated by IBM's Corporate Environmental Affairs staff to track performance against IBM's energy conservation goal. In 2018, we expanded the scope of our energy conservation goal to account for the energy consumed at data centers located in facilities managed by third parties and where IBM does not procure the electricity and adjusted the target to conserve energy equal to 3% of annual energy consumption, versus our previous goal of 3.5%. This change recognizes the larger universe of locations now subject to the goal, and our more limited ability to deliver savings at facilities managed by third parties. The energy conservation projects contributed to CO2 emissions reductions from IBM operations. 2. The purpose of IBM's EMS is to identify the company's significant environmental aspects, inventory critical metrics and set goals to reduce the impacts of the aspects to drive continual improvement of IBM's environmental performance in all of its significant aspects (e.g. energy conservation and GHG emissions management, resource conservation, waste reduction, product environmental stewardship, etc.) and to sustain IBM's leadership in these areas independent of a particular point in time or individuals within the company. 3. Integral part of IBM's WW EMS are: 1. Policy: IBM's Environmental Policy, which states as one of its eleven objectives to ensure the responsible use of energy throughout our business, including conserving energy, improving energy efficiency and giving preference to renewable over non-renewable energy sources when feasible, and can be found here: https://www.ibm.com/ibm/e... 2. Commitments: Through IBM's Environmental Policy, IBM is committed to ensure the responsible use of energy throughout our business, including conserving energy, improving energy efficiency and giving preference to renewable over non-renewable energy sources when feasible, which results in reduction of CO2 emissions associated with IBM's operations. 3. Goals and targets: IBM's current energy conservation goal is to avoid energy consumption equivalent to 3% of IBM's global energy consumption on a yearly basis. In addition, IBM has a renewable energy goal to procure 55% of its electricity from renewable sources by 2025 (New goal established in 2021 to procure 75% of electricity from renewable sources), and a goal to reduce CO2 emissions associated with IBM's energy consumption 40% by 2025 against the 2005 baseline (New goal established in 2021 to reduce CO2e by 65% against. baseline of 2010). In 2018 IBM expanded the scope of its energy and climate program to include in its goals the energy used and CO2 emissions associated with data centers located in facilities managed by third parties and where IBM does not procure the electricity. The updated goals include all of IBM's global activities, whether they take place in real estate managed by IBM or in a facility managed by a third party. 4. Responsibilities: IBM's WW EMS and WW EnMS identify the specific roles and responsibilities within the corporation, across functions and business organizations, that key individuals hold for ensuring proper execution of IBM's environmental and energy management requirements, inclusive of achievement of IBM's objectives, goals and targets. management responsibilities for the EMS and EnMS is held by the Vice President of Corporate Environmental Affairs and Product Safety. 5. Resources: IBM's WW EMS and WW EnMS identify the resources that at a minimum must be available for a proper execution of IBM's environmental programs. These may be in form of staff, data, data management tools and IT tools or other types of non-financial resources. It is IBM's business organizations and/or locations responsibility to plan, request and manage their budgets that allows them to meet all of IBM's environmental requirements, inclusive of energy management. 6. Grievance mechanisms: Mechanisms are available for IBM employees and contractors and outside stakeholders to raise concerns or make inquiries regarding IBM's EMS and EnMS and environmental performance. 7. Specific actions, such as processes, projects, programs and initiatives: The execution of IBM's WW EMS and EnMS is supported by multiple procedures and guidelines cascaded from the corporate to the business organization and/or location level as appropriate, with the intention to standardize execution across operations and geographies. One example is a procedure by which business organizations and/or locations report energy conservation results to the corporation, as this procedure describes in detail which projects may or may not be counted toward IBM's energy conservation metrics, and how this data should be reported, verified and analyzed. The execution of IBM's WW EMS results in the implementation of thousands of energy conservation projects and initiatives around the globe. IBM implemented approximately 1,400 energy conservation projects at nearly 170 locations in 2020. These projects delivered annual energy savings of 145,500 MWh of energy, equal to 3.5% of our total energy use during 2020 and surpassing the corporate goal of 3%. These projects avoided the emission of 50,740 metric tons of CO_2 and saved $15.4 million in expense
103-3: Evaluation of the management approach	1. IBM evaluates the effectiveness of its WW EMS and EnMS by several means, including internal audits, professional self-assessments, external third-party audits and by monitoring closely IBM's environmental KPIs and progress toward attaining corporate environmental goals, including in the energy management and climate protection areas. 1. Corporate internal audits are performed by qualified IBM employees with no direct involvement in the execution of IBM's WW EMS, such that these individuals can objectively assess whether IBM is in conformity to its own management systems and requirements. Through professional self-assessments, employees with energy management responsibilities respond to a set of domain specific questions to self evaluate their execution of IBM's energy management requirements. These results are consolidated at the corporate level and reviewed and analyzed by IBM Corporate Environmental Affairs. IBM regularly undergoes external audits, as part of its ISO 14001 and ISO 50001 certifications, which are performed by an accredited certification company. These audits are conducted both at the corporate, business organization and/or location level, as applicable. Business organizations and/or locations, as well as IBM Corporate Environmental Affairs, regularly tracks and reports energy management KPIs to management to assess progress toward goals and objectives, including the achievement of energy conservation and emissions reduction goal, and validate that IBM is achieving continual improvement in its environmental programs. 2. The results of the different types of evaluations typically are a list of opportunities of improvement, which are then discussed and adopted internally, if appropriate and as applicable to IBM's operations, to further drive continual improvement both of IBM's energy performance as well as of IBM's WW EMS. This is an essential part of our management system. The results are reviewed annually with management as part of the annual top management review of the EMS. 3. Based on the results and findings of the different evaluation procedures described above, IBM's WW EMS and EnMS may require to be changed and updated to internalize opportunities for improvement or to better reflect the nature of IBM's operations, as these may change over time. For example, IBM's WW EnMS is currently being updated to better integrate energy management into co-located data centers, where IBM has limited control over specific aspects of energy management since landlords provide and control the energy services infrastructure and energy procurement at these locations.

References:

- IBM's Worldwide Environmental Management System
- IBM's ISO 14001 & ISO 50001 Registrations
- 2020 IBM and Environment Report

Energy Consumption Within the Organization GRI 302-1

Environmental / Energy / Energy Consumption Within the Organization GRI 302-1

Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.

Consumption by Fuel Type (Renewable)	Unit	2020	2019	2018	2017
None	Megawatt hours (MWh)	0	0	0	0
Total consumption from renewable fuel sources:	Megawatt hours (MWh)	0	0	0	0
Consumption by Fuel Type (Non-renewable)					

Distillate fuel oil #2	Megawatt hours (MWh)	58,737	67,583	48,541	32,339
Distillate fuel oil #6	Megawatt hours (MWh)	0	3,067	24,197	41,877
Natural gas	Megawatt hours (MWh)	305,556	321,583	330,269	331,546
Diesel	Megawatt hours (MWh)	13,859	15,168	14,225	18,304
Liquefied petroleum gas (LPG)	Megawatt hours (MWh)	188	757	748	697
Kerosene	Megawatt hours (MWh)	545	1,225	1,345	1,587
Motor gasoline	Megawatt hours (MWh)		67,196	82,079	70,993
Total consumption from non-renewable fuel sources:	Megawatt hours (MWh)	378885	476579	501404	497343
Energy consumed					
Electricity	Megawatt hours (MWh)	3,513,270	3,805,945	3,106,861	3,404,842
Heating	Megawatt hours (MWh)	35,565	40,708	48,023	54,128
Cooling	Megawatt hours (MWh)	189,646	198,436	188,797	191,686
Steam	Megawatt hours (MWh)	1,270	1,280	1,143	983
Total energy consumption	Megawatt hours (MWh)	3739751	4046369	3344824	3651639
Energy Sold					
Electricity	Megawatt hours (MWh)	0	0	0	0
Heating	Megawatt hours (MWh)	0	0	0	0
Cooling	Megawatt hours (MWh)	0	0	0	0
Steam	Megawatt hours (MWh)	0	0	0	0
Renewable Energy Certificates	thousand MWh	0	0	0	0
Power Purchase Agreement	MWh	1,520,248	978,616	772,000	854,000
*Percentage of total operational spending on energy (most recent reporting year): More than 0% but less than or equal to 5%					
*Our organization undertakes the following energy-related activities. ☑ Consumption of fuel (excluding feedstocks) ☑ Consumption of purchased or acquired electricity ☑ Consumption of purchased or acquired heat ☑ Consumption of purchased or acquired steam ☑ Consumption of purchased or acquired cooling ☑ Generation of electricity, heat, steam or cooling					
Standards, methodologies, and assumptions used: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)					
Source of the conversion factors used: IEA (2020), CO2 Emissions from Fuel Combustion					
Publicly disclose a breakout of the sources of the renewable energy used Yes Link to disclosure:https://www.ibm.com/ibm/e...					
Data publicly available: Yes Link to disclosure:http://www.ibm.com/ibm/en...					

Additional Comments

IBM does not consume renewable fuels for its operations. However, 59.3% of the electricity used by IBM during 2020 came from renewable sources: 43.3% from direct contracted renewable energy purchases and 16.0% from grid-supplied renewables automatically provided by the energy mix in the areas where we operate.

References:

IBM Auditing and Verification

IBM Environmental Reporting

2020 IBM and Environment Report

Deemed material? Yes

Energy Consumption Outside of the Organization GRI 302-2

Environmental / Energy / Energy Consumption Outside of the Organization GRI 302-2

Energy consumption outside of the organization, in joules or multiples.

Unit (joules or multiples of joules): Gigajoules	2020	2019	2018	2017
Renewable Energy Categories/Activities				
Upstream: Purchased goods and services				
Upstream: Business travel				
Upstream: Fuel- and energy- related activities (those that are not included in Indicator G4-EN3)				
Downstream: Use of sold products				
Upstream: Purchased goods and services				
Total external renewable energy consumption				
Non-renewable Energy Categories/Activities				
Upstream: Purchased goods and services				
Upstream: Business travel				
Upstream: Fuel- and energy- related activities (those that are not included in Indicator G4-EN3)				
Downstream: Use of sold products				
Upstream: Purchased goods and services				
Total external non-renewable energy consumption				
Total External Energy Consumption				
Standards, methodologies, and assumptions: World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)				
Source of conversion factors used: WRI/WBCSD GHG Protocol, EPA, The Climate Registry Default Emission Factors				
☑ Publicly disclose a breakout of renewable energy sources used: https://www.ibm.com/ibm/e...				

Additional Comments

Energy consumption outside the organization and its related scope 3 emissions are not material to IBM. IBM neither aggregates nor allocates suppliers' GHG emissions data for developing a scope 3 emissions number for IBM because we believe the resulting number is neither credible nor meaningful. The same applies for tracking the renewable energy consumed in the reported scope 3 categories. IBM assesses suppliers' energy use and GHG emissions and their associated reduction plans through direct discussions with the supplier to validate that suppliers have established an S&EMS and taken the requisite actions required of IBM suppliers, reviews of supplier websites, supplier audits, EICC environmental reporting process, and public CDP disclosures. Reviews are prioritized based on spend with the suppliers and the nature of the products or services provided to IBM. Having a management system for managing their environmental intersections and meeting the accompanying requirements (e.g., monitoring performance, setting goals, disclosing results and performance) that IBM communicated to suppliers are a condition of doing business with IBM. This criterion is a binary criterion in our selection process: it is either a yes or a no. In addition, IBM does expect suppliers to take action to reduce their energy use and GHG emissions because we believe each enterprise must be accountable for their activities and that achieving energy and GHG reductions will improve the supplier's bottom line and reap environmental benefits.

IBM Position on Scope 3 GHG emissions
Approximations of Scope 3 greenhouse gas (GHG) emissions can help entities recognize where the greatest amounts of GHGs may be generated during the lifecycle of a typical process, general product or service on a macro level. This can be helpful when assessing, for example, what phases of a general product's design, production, use and disposal provide the best opportunities for improved energy efficiency and innovation. However, IBM does not estimate all Scope 3 GHG emissions associated with our value chain because the assumptions associated with such estimates simply do not lead to credible results.
Like many companies, IBM has thousands of suppliers around the world. They are in all types of businesses and very few, if any, work solely for IBM. Furthermore, the sources of energy used by these suppliers vary, and IBM does not believe we could generate a credible estimate or apportionment of the energy used by these suppliers that would be associated with the products or services provided to IBM alone, versus those emissions associated with products or services provided to their other customers. In addition, IBM's specific scope of business with any given supplier remains dynamic, as it is driven by business need.
Moreover, one company's asserted Scope 3 emissions are another company's Scope 1 and Scope 2 emissions. Since the ultimate goal for climate protection is for global societies to achieve demonstrable reductions in actual Scope 1 GHG emissions, IBM believes real results in GHG emissions reduction are directly achieved when each enterprise takes responsibility to address its own emissions and improve its energy efficiency. This is reinforced by IBM's announcement in 2010 that all of our first-tier suppliers are expected to develop a management system, identify their significant environmental impacts – including GHG emissions – and develop reduction plans for those impacts.
https://www.ibm.com/ibm/e...

Deemed material? No

Energy Intensity GRI 302-3

Environmental / Energy / Energy Intensity GRI 302-3

Energy intensity ratio for the organization.

	Unit	2020	2019	2018	2017	
Numerator	MWh	4,119,000	4,455,752	4,666,514	4,077,988	
Denominator	Full Time Equivalent Employees	345,900	338,506	350,600	366,600	
Energy Intensity		11.91	13.16	13.31	11.12	Type of energy measured in energy intensity ratio All (Fuel, Electricity, Heating, Cooling, Steam)

Additional Comments

Due to the wide range of services and activities associated with IBM operations, there is not an energy intensity metric that is meaningful or applicable to our operations. Number of employees is an approximation.

Deemed material? No

Reduction of Energy Consumption GRI 302-4

Environmental / Energy / Reduction of Energy Consumption GRI 302-4

Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.

	Unit	2020	2019	2018	2017	Base year	Types of energy included
Fuel	MWh	16,616	8,033	13,222	30,723		
Electricity	MWh	127,568	124,674	133,416	142,525		
Heating	MWh	290	1,208	1,018	0		
Cooling	MWh	1,034	2,433	3,769	0		
Steam	MWh	0	0	0	0		
Total Energy Saved	MWh	145508	136348	151425	173248		Fuel Electricity Heating Cooling Steam
Basis for calculating reductions in energy consumption (e.g. base year / baseline), and the rationale for choosing it: IBM's energy conservation goal is to achieve annual energy conservation savings equal to 3% of IBM's total annual energy consumption. Energy conservation savings can only be applied to one 12 month period. Setting an annual energy conservation goal allows IBM to track energy conservation performance on a year to year basis and continues to drive energy reduction efforts throughout IBM operations globally. The baseline is the previous calendar year's global energy consumption.							
Standards, methodologies, and assumptions used: World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).							
Publicly disclosed at: http://www.ibm.com/ibm/en...							

Additional Comments

IBM has been tracking its energy consumption since 1973 and has had a specific, numeric annual energy conservation goal for decades. The results of this early focus on energy conservation have been significant. For example, between 1990 and 2020, IBM saved 9.8 million megawatt-hours of energy consumption, avoided 4.6 million metric tons of CO2 emissions and saved $661 million through its annual energy conservation actions. IBM's energy conservation goal is an annual goal: To achieve annual energy conservation savings equal to 3% of IBM's total energy use. For 2020, the goal translated to 145,500 MWh of energy conserved/avoided, meaning IBM achieved a total reduction avoidance of 3.5% of its actual consumption.

References:

IBM Auditing and Verification

Deemed material? Yes

Reductions in Energy Requirements of Products and Services GRI 302-5

Environmental / Energy / Reductions in Energy Requirements of Products and Services GRI 302-5

Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples.

Product/Service(s)	Unit	2020	2019	2018	2017
Computer Server	Gigajoules (GJ)	430	430	220	1100
Storage Products	Gigajoules (GJ)	2257	1690	3410	1620
Intelligent Buildings Solution	Gigajoules (GJ)	35000	39600	65000	130000
Public/Private Cloud Data Center	Gigajoules (GJ)				
Grid Management, Increased Renewables Dispatch	Gigajoules (GJ)	630000	630000	630000	630000
Total reductions in the energy requirements of sold products and services achieved	Gigajoules (GJ)	667687	671720	698630	762720
Base year/Baseline: The baseline for each project is the energy use of the previous IT installation or of the system, in the case of the building energy use or renewable energy dispatched to the grid. This baseline condition is then compared to the energy consumption of the IT installation or building system or the energy output of the renewable generation system after changes were made. Our experience is that energy consumption savings or output improvements can only be accurately calculated on a per project basis. These savings can then be extended to a broader universe of installations, but the estimates will have a high degree of uncertainty. In the case of the server, storage and cloud examples provided in the response to this question, the savings examples will be extended over thousands of product installations or cloud service agreements and will provide meaningful savings in the IT space. Similarly, as IBM forecasting technologies are integrated into the grid operations, they will enable improved dispatching of renewables into the grid.					
Rationale for choosing base year/baseline: Assessing energy savings based on a single product or project allows control of the boundaries for the energy use and offers a reasonable means to estimate and represent the benefits of the product or solution. Attempting to generalize these answers to a larger group of projects or an economy wide benefit can provide a general understanding of the potential benefits, but the estimate will have a high degree of uncertainty.					
Standards, methodologies, and assumptions used: The savings calculations and the baseline can be found in the reference file "Product & Solutions Emission Avoidance Examples 2020 - 06022021" listed in references.					

Additional Comments

The baseline for each project is the energy use of the previous IT installation or of the system, in the case of the building energy use or renewable energy dispatched to the grid. This baseline condition is then compared to the energy consumption of the IT installation or building system or the energy output of the renewable generation system after changes were made. Our experience is that energy consumption savings or output improvements can only be accurately calculated on a per project basis. These savings can then be extended to a broader universe of installations, but the estimates will have a high degree of uncertainty. In the case of the server, storage, smarter building and grid forecasting and energy storage examples provided in the response to this question, the savings examples will be extended over thousands of product installations or cloud service agreements and will provide meaningful savings in the IT space.

References:

Solutions Document 2020

2020 IBM and Environment Report — Page(s) 14-17

Deemed material? Yes

Water and Effluents

Management Approach: Water and Effluents GRI 103-1, 103-2, 103-3

Environmental / Water and Effluents / Management Approach: Water and Effluents GRI 103-1, 103-2, 103-3

Explanation of Water and Effluents as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.

Topic: GRI 303 Water and Effluents	

103-1: Explanation of the material topic and its Boundary	**Global approach to Environmental Management:** IBM is committed to environmental affairs leadership in all of its business activities. IBM has had long-standing corporate policies of providing a safe and healthful work place, protecting the environment, and conserving energy and natural resources, which were formalized in 1967, 1971 and 1974 respectively. They have served the environment and our business well over the years and provide the foundation of our corporate policy objectives that include a focus on being a responsible operator and manager to minimize our impact on the environment, and to drive the efficient use of natural resources such as water. The relevant key policy objectives are: • Be an environmentally responsible neighbor in the communities where we operate, and act promptly and responsibly to correct incidents or conditions that endanger health, safety, or the environment. Report them to authorities promptly and inform affected parties as appropriate. • Conserve natural resources by reusing and recycling materials, purchasing recycled materials, and using recyclable packaging and other materials. • Use development and manufacturing processes that do not adversely affect the environment, including developing and improving operations and technologies to minimize waste, prevent air, water, and other pollution, minimize health and safety risks, and dispose of waste safely and responsibly. Refer to IBM's corporate Environmental Policy on our website at: https://www.ibm.com/ibm/e... **Reducing water withdrawals:** IBM's first water conservation goal was established in 2000, focusing on the significant use of water in our microelectronics manufacturing operations. With the divestiture of IBM's semiconductor manufacturing operations in 2015, our water use decreased significantly and IBM utilizes fresh water in support of its business operations primarily associated with cooling and humidity control of buildings, domestic consumption at the workplace, fire protection systems and for research, hardware development and manufacturing activities. Given the above IBM prioritized its water conservation focus and redirected resources to operations in water-stressed regions of the world with a goal to continue to produce the greatest desired outcome from our efforts. The current water conservation goal is to achieve year-to-year reductions in water withdrawals at larger IBM locations and data centers in water-stressed regions. We use the World Resources Institute's Aqueduct Water Risk Atlas, which highlights regions around the world where water resources are stressed to meet human and ecological demand, to identify IBM locations in areas of "high" or "extremely high" baseline water-stress and incorporate this with site specific criteria, to determine the locations subject to our water conservation goal. IBM requires all tier 1 suppliers to IBM to have a corporate responsibility and environmental management system of their own and that suppliers require the same of those upstream suppliers who perform work material to the goods and services provided to IBM. IBM's suppliers are to manage their responsibilities effectively, systematically, and sustainability over the long term, including for water use and discharge as applicable to their operations. IBM maintains a supplier audit program to assess supplier conformance with these requirements. **Water Discharges:** IBM complies with the requirements in our site water discharge permits issued by applicable regulatory agencies, including submitting required discharge reports to the agencies. Globally, only three IBM managed locations with discharge permits discharge treated wastewater directly to receiving waters. In addition, IBM establishes its own requirements for tracking, reporting and managing discharges at applicable locations including IBM locations in water-stressed regions that are included in our water conservation goal. While IBM does not publicly disclose water discharge volumes from locations managed by IBM globally, IBM does publish its water management performance through its annual environmental report.
103-2: The management approach and its components	**Reducing water withdrawals:** IBM's first water conservation goal was established in 2000, focusing on the significant use of water in our microelectronics manufacturing operations. With the divestiture of IBM's semiconductor manufacturing operations in 2015, our water use decreased significantly and became primarily associated with cooling and humidity control of buildings, domestic consumption at the workplace, and building fire protection systems. Given the above IBM prioritized its water conservation focus and redirected resources to operations in water-stressed regions of the world with a goal to continue to produce the greatest desired outcome from our efforts. In 2016, IBM established its latest water conservation goal to achieve year-to-year reductions in water withdrawals at larger IBM locations and data centers in water-stressed regions. We used the World Resources Institute's Aqueduct Water Risk Atlas, which highlights regions around the world where water resources are stressed to meet human and ecological demand, and our site specific information and expert judgment to identify IBM locations in areas of "high" or "extremely high" baseline water-stress. Our water conservation goal includes IBM locations that are 16% of IBM's total utilized real estate space encompassing 35 locations including data centers and other large offices in water-stressed regions, worldwide. IBM also monitors, measures and manages water use and wastewater discharges at IBM locations not in water-stressed regions for maintaining operational conditions and compliance with discharge permits. This is a requirement of IBM's global environmental management system. **Managing water discharges:** Water discharges are managed at a location level and discharge information is reported to regulatory agencies where required. Internally, IBM also internally tracks, reports and manages total water discharges from IBM locations worldwide that have site regulatory wastewater discharge permits. IBM measures and manages wastewater discharges at applicable IBM locations worldwide for maintaining operational conditions and compliance with discharge permits. IBM's corporate program establishes treatment requirements applicable to IBM locations where they discharge directly to receiving waters. IBM locations with industrial or sanitary wastewater treatment plants on site that are processing industrial or sanitary wastewater must adhere to these IBM corporate requirements. This is a requirement of IBM's global environmental management system. IBM's global EMS is accredited to ISO14001: 2015 standard requirements, with the site's management of wastewater discharges being including in periodical internal and third party ISO 14001 EMS auditing programs. Refer to a summary of our water conservation program at https://www.ibm.com/ibm/e...
103-3: Evaluation of the management approach	Water management is part of IBM's global environmental management system approach. Water use and conservation is a significant environmental aspect requiring the implementation of an environmental program. Our management system includes the setting of voluntary environmental goals and targets, continual review and reporting of results to management, an annual self-assessment/audit, and at least an annual management and planning review of progress and continual improvement. Refer to a summary of IBM's global environmental management system requirements at: https://www.ibm.com/ibm/e... In addition to publicly discloses of information on its global water conservation program in the annual IBM and the Environment report IBM participates in the CDP Water Security Questionnaire each year. IBM's most recent response is available on our website at: https://www.ibm.com/ibm/e...

References:

IBM and Environment Report 2019	Page(s) 36 & 67
Water Conservation	
Environmental Disclosures	
2020 IBM and Environment Report	Page(s) 20, 32

Interactions With Water as a Shared Resource GRI 303-1

Environmental / Water and Effluents / Interactions With Water as a Shared Resource GRI 303-1

Interactions with water as a shared resource

How our organization interacts with water:
Global Operations Interactions:
IBM utilizes fresh water in support of its business operations primarily associated with cooling and humidity control of buildings, domestic consumption at the workplace, building fire protection systems and wet laboratory research, hardware development and for cleaning of tooling for manufacturing activities.

The preservation of water resources and protection of watersheds are important areas of focus for IBM. Our first water conservation goal was established in 2000 and has evolved over time as IBM has transformed from a vertically integrated manufacturing company to a hybrid cloud and AI platform company. Our current water conservation goal is to achieve year-to-year reductions in water withdrawals at larger IBM locations and data centers in water-stressed regions. We use the World Resources Institute's Aqueduct Water Risk Atlas, which highlights regions around the world where water resources are stressed to meet human and ecological demand. We identify IBM locations in areas of "high" or "extremely high" baseline water-stress and incorporate this with site specific criteria to determine the locations subject to our water conservation goal.

IBM complies with the requirements in our site water discharge permits issued by applicable regulatory agencies, including submitting required discharge reports to the agencies. Only three IBM managed locations with discharge permits discharge treated wastewater directly to receiving waters globally.

Supply Chain Activities
IBM requires all tier 1 suppliers to IBM to have a corporate responsibility and environmental management system of their own and that suppliers require the same of those upstream suppliers who perform work material to the goods and services provided to IBM. IBM's suppliers are to manage their responsibilities effectively, systematically, and sustainability over the long term, including for water use and discharge as applicable to their operations. IBM maintains a supplier audit program to assess supplier conformance with these requirements.

Approach used to identify water-related impacts:
IBM has a longstanding commitment to environmental leadership. IBM's corporate environmental programs date back from the 1960s and were formalized under a Corporate Environmental Policy in 1971. IBM's corporate environmental policy calls for environmental leadership in all of IBM's activities. The policy objectives cover workplace safety, pollution prevention, natural resource conservation, product design for the environment as well as a call for continual improvement and utilization of IBM products, services and expertise to assist in the development of solutions to environmental problems. IBM has established and maintained a strong worldwide Environmental Management System (EMS) for decades. Through this EMS, we manage our operations around the globe to minimize their potential impact on the environment. Water use and conservation is a significant environmental aspect with a water goal and corporate program.

How water-related impacts are addressed:
Global Operations - Water Use and Conservation:
IBM's first water conservation goal was established in 2000, focusing on the significant use of water in our microelectronics manufacturing operations. With the divestiture of IBM's semiconductor manufacturing operations in 2015, our water use decreased significantly and became primarily associated with cooling and humidity control of buildings, domestic consumption at the workplace, and building fire protection systems.
Given the above IBM prioritized its water conservation focus and redirected resources to operations in water-stressed regions of the world with a goal to continue to produce the greatest desired outcome from our efforts. In 2016, IBM established its current water conservation goal to achieve year-to-year reductions in water withdrawals at larger IBM locations and data centers in water-stressed regions. We used the World Resources Institute's Aqueduct Water Risk Atlas, which highlights regions around the world where water resources are stressed to meet human and ecological demand, and our site specific information and expert judgment to identify IBM locations in areas of "high" or "extremely high" baseline water-stress.

Global Operations - Water Discharges:
Water discharges are managed at a location level and discharge information is reported to regulatory agencies where required. Internally, IBM also internally tracks, reports and manages total water discharges from IBM locations worldwide that have site regulatory wastewater discharge permits. IBM measures and manages wastewater discharges at applicable IBM locations worldwide for maintaining operational conditions and compliance with discharge permits. IBM's corporate program establishes treatment requirements applicable to IBM locations where they discharge directly to receiving waters. IBM locations with industrial or sanitary wastewater treatment plants on site that are processing industrial or sanitary wastewater must adhere to these IBM corporate requirements. This is a requirement of IBM's global environmental management system.

Supply Chain Activities:
IBM requires all tier 1 suppliers to IBM to have a corporate responsibility and environmental management system of their own and that suppliers require the same of those upstream suppliers who perform work material to the goods and services provided to IBM. IBM's suppliers are to manage their responsibilities effectively, systematically, and sustainability over the long term, including for water use and discharge as applicable to their operations. IBM maintains a supplier audit program to assess supplier conformance with these requirements.

Process for setting water-related goals and targets:
Water management is part of IBM's global environmental management system approach. Water use and conservation is a significant environmental aspect requiring the implementation of an environmental program. Our management system includes the setting of voluntary environmental goals and targets, continual review and reporting of results to management, an annual self-assessment/audit, and at least an annual management and planning review of progress and continual improvement.

IBM's first water conservation goal was established in 2000, focusing on the significant use of water in our microelectronics manufacturing operations. With the divestiture of IBM's semiconductor manufacturing operations in 2015, our water use decreased significantly and became primarily associated with cooling and humidity control of buildings, domestic consumption at the workplace, and building fire protection systems. Given the above IBM prioritized its water conservation focus and redirected resources to operations in water-stressed regions of the world with a goal to continue to produce the greatest desired outcome from our efforts. In 2016, IBM established its current water conservation goal to achieve year-to-year reductions in water withdrawals at larger IBM locations and data centers in water-stressed regions. We used the World Resources Institute's Aqueduct Water Risk Atlas, which highlights regions around the world where water resources are stressed to meet human and ecological demand, and our site specific information and expert judgment to identify IBM locations in areas of "high" or "extremely high" baseline water-stress.

Our water conservation goal includes IBM locations that cover 16% of IBM's total utilized real estate space including data centers and other large offices in water-stressed regions, worldwide.
IBM also monitors, measures and manages water use and wastewater discharges at IBM locations not in water-stressed regions for maintaining operational conditions and compliance with discharge permits. This is a requirement of IBM's global environmental management system.

References:

Water Conservation	
2020 IBM and Environment Report	Page(s) 20, 32

Deemed material? Yes

Management of Water Discharge-Related Impacts GRI 303-2

Environmental / Water and Effluents / Management of Water Discharge-Related Impacts GRI 303-2

Description of water discharge standards

Discharge-related Impacts
IBM complies with the requirements in our site water discharge permits issued by applicable regulatory agencies, including submitting required discharge reports to the agencies. Only a small number of the IBM managed locations with discharge permits discharge treated wastewater directly to receiving waters globally.

In addition, IBM establishes its own requirements for tracking, reporting and managing discharges at applicable locations including IBM locations in water-stressed regions that are included in our water conservation goal. While IBM does not publicly disclose water discharge volumes from locations managed by IBM globally, IBM does publish its water management performance through its annual environmental report.

Water discharges are managed at a location level and discharge information is reported to regulatory agencies where required. Internally, IBM also internally tracks, reports and manages total water discharges from IBM locations worldwide that have site regulatory wastewater discharge permits. IBM measures and manages wastewater discharges at applicable IBM locations worldwide for maintaining operational conditions and compliance with discharge permits. IBM's corporate program establishes treatment requirements applicable to IBM locations where they discharge directly to receiving waters. IBM locations with industrial or sanitary wastewater treatment plants on site that are processing industrial or sanitary wastewater must adhere to these IBM corporate requirements. This is a requirement of IBM's global environmental management system. IBM's global EMS is accredited to ISO14001: 2015 standard requirements, with the site's management of wastewater discharges being including in periodical internal and third party ISO 14001 EMS auditing programs.

References:

2020 IBM and Environment Report	Page(s) 20
IBM and the Environment - external website	

Deemed material? No

Water Withdrawal GRI 303-3

Environmental / Water and Effluents / Water Withdrawal GRI 303-3

Sources and volumes of water withdrawn

Total Water Withdrawal (megaliters)	2020	2019	2018	2017
Surface water				
Groundwater				
Seawater				
Produced water				
Third-party water				
Total water withdrawal				
Withdrawal from Water Stressed Areas (megaliters)	**2020**	**2019**	**2018**	**2017**
Surface water	342.9	378.5	383.9	385.8
Groundwater	90.6	93.4	59.3	61.4
Seawater	0	0	0	0
Produced water	0	0	0	0
Third-party water	872.2	1,020.5	1,078.7	1,181.2
Total water withdrawal from areas with water stress	1305.7	1492.4	1521.9	1628.4
Surface water breakdown (megaliters)	**2020**	**2019**	**2018**	**2017**
Freshwater (total)				
Freshwater (stressed areas)				
Other water (total)				
Other water (stressed areas)				
Groundwater breakdown (megaliters)	**2020**	**2019**	**2018**	**2017**

Freshwater (total)				
Freshwater (stressed areas)				
Other water (total)				
Other water (stressed areas)				
Seawater breakdown (megaliters)	2020	2019	2018	2017
Freshwater (total)				
Freshwater (stressed areas)				
Other water (total)				
Other water (stressed areas)				
Produced water breakdown (megaliters)	2020	2019	2018	2017
Freshwater (total)				
Freshwater (stressed areas)				
Other water (total)				
Other water (stressed areas)				
Third-party water breakdown (megaliters)	2020	2019	2018	2017
Surface water (via third party) from water stressed areas				
Ground water (via third party) from water stressed areas				
Seawater water (via third party) from water stressed areas				
Produced water (via third party) from water stressed areas				
Freshwater (total)				
Freshwater (stressed areas)				
Other water (total)				
Other water (stressed areas)				
Contextual Information IBM's first water conservation goal was established in 2000, focusing on the significant use of water in our microelectronics manufacturing operations. With the divestiture of IBM's semiconductor manufacturing operations in 2015, our water use decreased significantly and became primarily associated with cooling and humidity control of buildings, domestic consumption at the workplace, and building fire protection systems. Given the above IBM prioritized its water conservation focus and redirected resources to operations in water-stressed regions of the world with a goal to continue to produce the greatest desired outcome from our efforts. In 2016, IBM established the current water conservation goal to achieve year-to-year reductions in water withdrawals at larger IBM locations and data centers in water-stressed regions. We used the World Resources Institute's Aqueduct Water Risk Atlas, which highlights regions around the world where water resources are stressed to meet human and ecological demand, and our site specific information and expert judgment to identify IBM locations in areas of "high" or "extremely high" baseline water-stress. In 2020, our water conservation goal includes IBM locations that cover 16% of IBM's total utilized real estate space including data centers and other large offices in water-stressed regions, worldwide. IBM also monitors, measures and manages water use and wastewater discharges at IBM locations not in water-stressed regions for maintaining operational conditions and compliance with discharge permits. This is a requirement of IBM's global environmental management system.				

References:

CDP Disclosure

IBM Environmental Reports

Water Conservation

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Deemed material? Yes

Water Discharge GRI 303-4

Environmental / Water and Effluents / Water Discharge GRI 303-4

Destinations and volumes of water discharged

Total Water Discharged (megaliters)	2020	2019	2018	2017
Surface water				
Groundwater				
Seawater				
Third-party water				
Third-party water sent for use to other organizations				
Total water discharged				
Discharge by total dissolved solids category (megaliters)	**2020**	**2019**	**2018**	**2017**
Freshwater				
Other water				
Discharge to water stressed areas by total dissolved solids category (megaliters)	**2020**	**2019**	**2018**	**2017**
Freshwater				
Other water				
A breakdown of total water discharge to all areas by level of treatment (Megaliters)	**2020**	**2019**	**2018**	**2017**
Primary				
Secondary				
Tertiary				
Additional Information	**2020**	**2019**	**2018**	**2017**
The number of occasions on which discharge limits were exceeded				
Percentage of suppliers with significant water-related impacts from water discharge that have set minimum standards for the quality of their effluent discharge				
Priority substances of concern				
Contextual information				
How the treatment levels were determined				

Reason for Omission:
Confidentiality Constraints
Describe the specific confidentiality constraints.
IBM complies with the requirements in our site water discharge permits issued by applicable regulatory agencies, including submitting required discharge reports to the agencies. Only a small number of the IBM managed locations with discharge permits discharge treated wastewater directly to receiving waters globally.

In addition, IBM establishes its own requirements for tracking, reporting and managing discharges at applicable locations including IBM locations in water-stressed regions that are included in our water conservation goal. While IBM does not publicly disclose water discharge volumes from locations managed by IBM globally, IBM does publish its water management performance through its annual environmental report.

Water discharges are managed at a location level and discharge information is reported to regulatory agencies where required. Internally, IBM also internally tracks, reports and manages total water discharges from IBM locations worldwide that have site regulatory wastewater discharge permits. IBM measures and manages wastewater discharges at applicable IBM locations worldwide for maintaining operational conditions and compliance with discharge permits. IBM's corporate program establishes treatment requirements applicable to IBM locations where they discharge directly to receiving waters. IBM locations with industrial or sanitary wastewater treatment plants on site that are processing industrial or sanitary wastewater must adhere to these IBM corporate requirements. This is a requirement of IBM's global environmental management system. IBM's global EMS is accredited to ISO14001: 2015 standard requirements, with the site's management of wastewater discharges being including in periodical internal and third party ISO 14001 EMS auditing programs.

References:

Water Conservation

IBM's Worldwide Environmental Management System

103-3: Evaluation of the management approach	IBM evaluates the effectiveness of its WW EMS and EnMS by several means, including internal audits, professional self-assessments, external third-party audits and by monitoring closely IBM's environmental KPIs and progress toward attaining corporate environmental goals, including in the energy management and climate protection areas. 1. Corporate internal audits are performed by qualified IBM employees with no direct involvement in the execution of IBM's WW EMS, such that these individuals can objectively assess whether IBM is in conformity to its own management systems and requirements. Through professional self-assessments, employees with energy management responsibilities respond to a set of domain specific questions to self evaluate their execution of IBM's energy management requirements. These results are consolidated at the corporate level and reviewed and analyzed by IBM Corporate Environmental Affairs. IBM regularly undergoes external audits, as part of its ISO 14001 and ISO 50001 certifications, which are performed by an accredited certification company. These audits are conducted both at the corporate, business organization and/or location level, as applicable. Business organizations and/or locations, as well as IBM Corporate Environmental Affairs, regularly tracks and reports energy management KPIs to management to assess progress toward goals and objectives, including the achievement of energy conservation and emissions reduction goal, and validate that IBM is achieving continual improvement in its environmental programs. 2. The results of the different types of evaluations typically are a list of opportunities of improvement, which are then discussed and adopted internally, if appropriate and as applicable to IBM's operations, to further drive continual improvement both of IBM's energy performance as well as of IBM's WW EMS. This is an essential part of our management system. The results are reviewed annually with management as part of the annual top management review of the EMS. 3. Based on the results and findings of the different evaluation procedures described above, IBM's WW EMS and EnMS may require to be changed and updated to internalize opportunities for improvement or to better reflect the nature of IBM's operations, as these may change over time. For example, IBM's WW EnMS is currently being updated to better integrate energy management into co-located data centers, where IBM has limited control over specific aspects of energy management since landlords provide and control the energy services infrastructure and energy procurement at these locations.

References:

IBM's Worldwide Environmental Management System

IBM's ISO 14001 & ISO 50001 Registrations

2020 IBM and Environment Report Page(s) 20, 25-30

Direct (Scope 1) GHG Emissions GRI 305-1

Environmental / Emissions / Direct (Scope 1) GHG Emissions GRI 305-1

Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent.

GHG emissions in metric tons of CO2e	2020	2019	2018	2017	Emissions in base year Year: 2005

Gross direct (Scope 1) GHG emissions	90906	117723	124633	124901	
Biogenic CO2 emissions	0	0	0	0	
☑ Direct (Scope 1) GHG emissions by gas					
CO2	81838	105,738	111,460	111,807	
N2O	0	0	0	0	
HFCs	7,211	9217	11,475	11,362	
PFCs	762	2349	559	612	
SF6	555	236	1,139	1,120	
NF3	540	183			
Gases included in the calculation of gross direct (Scope 1) GHG emissions: CO2 CH4 N2O HFCs PFCs SF6 NF3					
Rationale for choosing base year: The 2005 base year was initially established under IBM's second generation CO2 emissions reduction goal which was met and exceeded in year 2012. Since then, IBM has announced multiple other CO2 emissions reduction goals as an extension of the second generation goal. As a result, the base year was kept as 2005.					
Context of significant changes in emissions that triggered recalculations of the base year emissions:					
Source of emissions factors and the GWP rates used: Emissions factors: IEA (2020) CO2 Emissions from Fuel Combustion, U.S. EPA eGrid with 2018 Data; ; Local Electric Utility CO2 Emission Factors Global warming potential (GWP) rates or reference to the GWP source: IPCC Fourth Assessment Report (AR4 - 100 Year					
Direct (Scope 1) GHG emissions consolidation approach: Operational Control					
Standards, methodologies, assumptions, and/or calculation tools used for direct (Scope 1) GHG emissions: WRI/WBCSD Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards (Revised Edition)					

Additional Comments

IBM has had an annual worldwide energy conservation goal since 1996 and a CO2 emissions reduction commitment since 2000. While IBM's business continues to transform, the company's new goals exemplify IBM's consistent, driven focus on energy management and CO2 emissions reduction across our businesses. From 1990 to 2005, IBM avoided three million metric tons of CO2 emissions — an amount equal to 40 percent of its 1990 emissions — through a program of conservation actions. IBM achieved an additional 15.7 percent reduction in CO2 emissions from 2014 to 2015. In February, 2015, IBM announced its third generation CO2 reduction goal to reduce CO2 emissions associated with IBM's energy consumption 35 percent by year-end 2020 against a base year of 2005 adjusted for acquisitions and divestitures. The goal covers scope 1 emissions from fossil fuel combustion, electricity consumption and purchased commodities consumption. IBM's 2016 CO2 emissions were already 38.1 percent below the 2005 baseline adjusted for acquisitions and divestitures, thus achieving the goal four years early. Also in February 2015, IBM announced a new goal to procure electricity from renewable sources for 20 percent of IBM's annual electricity consumption by 2020. During 2016, IBM contracted 21.5 percent of its total electricity consumption from renewable sources, thus achieving the goal four years early. PFC Emissions Management: In 2015 IBM divested its semi-conductor manufacturing operations. This is the main reason why our PFCs emissions, along with other scope 1 GHG emissions, have drastically dropped. In 2018, IBM updated its goals to include operations in co-location data centers into their scope. IBM's 2nd generation renewable energy goal is to procure 55% of the electricity IBM consumes from renewable sources by 2025, including both purchases via grid from utility providers and specific, direct contracting IBM makes with energy providers. In 2020, 59.3% of IBM's electricity consumption came from renewable sources, hence meeting the goal 5 years early. In 2018, IBM established its 4th generation CO2 emissions reduction goal, which is to reduce CO2 emissions associated with IBM's energy consumption 40% by 2025 against base year 2005, adjusted for acquisitions and divestitures. In 2020, IBM reduced emissions 56.6%% against the 2005 baseline, hence meeting the goal 5 years early. In February 2021, IBM established a 3rd-generation goal to source 75% of its global electricity consumption from renewable sources by 2025, and a 5th-generation goal to reduce greenhouse gas emissions (GHG) 65% by 2025 against a 2010 baseline, adjusted for acquisitions and divestitures.

References:

IBM Auditing and Verification

2020 IBM and Environment Report — Page(s) 25-30

Energy and Climate

Deemed material? Yes

Energy Indirect (Scope 2) GHG Emissions GRI 305-2

Environmental / Emissions / Energy Indirect (Scope 2) GHG Emissions GRI 305-2

Indirect (Scope 2) GHG emissions.

GHG Emissions in metric tons of CO2e	2020	2019	2018	2017	Emissions in base year Year: 2005
Gross location-based indirect (Scope 2) GHG emissions	828,794	987,066	1,133,030	1,371,616	1,904,000
Gross market-based indirect (Scope 2) GHG emissions	530,365	827,369	963,304	1,076,882	1,844,000
☐ Total GHG Emissions					
Total direct (Scope 1) GHG emissions	90,906	117,723	124,633	124,901	184,000
☐ Location Based (Scope 2) ☑ Market Based (Scope 2)	530,365	827,369	963,304	1,076,882	1,844,000
Total (Scope 1) + (Scope 2) GHG emissions	621271	945092	1087937	1201783	2028000
Gases used to calculate indirect (Scope 2) GHG emissions: CO2 CH4 N2O					
Rational for choosing base year: The 2005 base year was established under IBM's second generation CO2 emissions reduction goal As a result, the base year was kept as 2005 for the following generations of IBM's emissions reduction goals.					
Context of significant changes in emissions that triggered recalculations of the base year emissions:					
Source of emissions factors and the GWP rates used: IPCC Second Assessment Report (SAR - 100 Year) and IPCC Fourth Assessment Report (AR4 - 100 Year), EPA's eGrid emission factors for the United States, The Climate Registry emission factors of Canadian Provinces, International Energy Agency emission factors for all other geographies, electric utility specific emission factors where available.					
Consolidation approach for Direct (Scope 1) and Indirect (Scope 2) GHG emissions: Operational Control					
Standards, methodologies, assumptions, and/or calculation tools used for Scope 1 and Scope 2 GHG emissions: WRI/WBCSD Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards (Revised Edition) Please see IBM Environmental Reporting: https://www.ibm.com/ibm/e... and, see IBM Auditing and Verification https://www.ibm.com/ibm/e...					

Additional Comments

IBM does not have separate goals for scope 1 and scope 2 emissions, but rather one single goal to reduce CO2 emissions associated with IBM's energy consumption (resulting from fossil fuel combustion and electricity and purchased commodities consumption) by 40% against base year 2005, adjusted for divestitures and acquisitions, by the end of year 2025. Hence, the emissions from other GHG other than CO2 (Scope 1) are not within the scope of this goal, as either are scope 3 emissions, with the exception of the emissions associated with IBM's electricity consumption at co-location data center facilities (reported under Scope 3). In 2020, IBM reduced its CO2 emissions by 56.6% against the 2005 baseline, meeting this goal early. IBM has had an annual worldwide energy conservation goal since 1996 and a CO2 emissions reduction commitment since 2000. While IBM's business continues to transform, the company's new goals exemplify IBM's consistent, driven focus on energy management and CO2 emissions reduction across our businesses. From 1990 to 2005, IBM avoided three million metric tons of CO2 emissions (an amount equal to 40 percent of its 1990 emissions) through a program of conservation actions. IBM achieved an additional 15.7 percent reduction in CO2 emissions from 2014 to 2015. In February 2015, IBM announced its third generation CO2 reduction goal to reduce CO2 emissions associated with IBM's energy consumption 35 percent by year-end 2020 against a base year of 2005 adjusted for acquisitions and divestitures. This represents an additional 20 percent reduction, from year-end 2012 to year-end 2020, over the reductions achieved from 2005 to 2012 under IBM's second generation goal. In 2020, IBM reduced its CO2 emissions by 56.6% against the 2005 baseline, meeting our 4th-generation goal five years early. Also in 2018, IBM announced a 2nd generation goal to procure electricity from renewable sources for 55 percent of IBM's annual electricity consumption by 2025. In 2020, 59.3% of IBM's electricity consumption came from renewable sources. In February 2021, IBM announced its next generation of goals in these areas: to source 75% of our worldwide electricity consumption from renewable sources by 2025, and 90% by 2030; and to reduce GHG emissions 65% by 2025 against our 2010 baseline, adjusted for aquitisions and divestitures. We also announced a new goal to reach net zero GHG emissions by 2030.

References:

- IBM Environmental Reporting
- IBM Auditing and Verification
- 2020 IBM and Environment Report — Page(s) 25-30
- Energy and Climate

Deemed material? Yes

Other Indirect (Scope 3) GHG Emissions GRI 305-3

Environmental / Emissions / Other Indirect (Scope 3) GHG Emissions GRI 305-3

Gross other indirect (Scope 3) GHG emissions in metric tons of CO2 equivalent.

GHG emissions in metric tons CO2e	2020	2019	2018	2017	Emissions in base year Year
Gross other indirect (Scope 3) GHG emissions	706,386	1,154,519	1346702	1,263,000	
Biogenic CO2 emissions	0	0	0	0	
Gases included in the calculation: CO2 CH4 N20					
Other indirect (Scope 3) GHG emissions categories and activities included in the calculation: Scope 3 Categories - 1. Upstream leased assets (lease vehicles) 2. Business Travel (air travel and rental cars) 3. Employee Commuting (U.S. only) 4. Use of sold products 5. Purchased goods and services (third-party co-location data centers).					
Rationale for choosing base year: Not applicable. IBM does not have a target related to its scope 3 emissions. Emissions associated with IBM's electricity consumption in third-party co-location data centers are included in IBM's 4th generation CO2 emissions reduction target. Target for CO2 emissions reduction is described in sections Direct GHG, G4-EN15 and in Indirect GHG, G4-EN16.					
Context of significant changes in emissions that triggered recalculations of the base year emissions:					
Source of emissions factors and the GWP rates used: Source of the emission factors used: U.S. EPA; Global warming potential (GWP) rates or reference to the GWP source: Not applicable for Scope 3 emissions.					
Standards, methodologies, assumptions, and/or calculation tools used for indirect (Scope 3) GHG emissions: **Scope 3 category "Purchased goods and services":** Some of IBM's data center operations are located in third party co-location space. IBM maintains an inventory of their electricity use and uses that inventory to calculate the CO2 emissions associated with electricity consumption for IBM operations at these locations. This scope 3 category has been selected for IBM operations in co-location facilities because this purchase is more than a lease for space. We are procuring energy and facilities services, as well as the data center space, from the landlord. As such, it is appropriate to include this in the purchased services category. IBM does not intend to attempt to quantify scope 3 emissions from other suppliers, as there are no effective, accurate methodologies to calculate or allocate those emissions and those emissions are more correctly treated as the scope 1 and scope 2 emissions of IBM's suppliers.					

Additional Comments

Biogenic CO2 emissions are not relevant for IBM. The gases covered by our scope 1 emissions include CO2, perfluorinated compounds, heat transfer fluids, and HFCs and are expressed in metric tons of CO2 equivalents. Targets, consolidation approach for emissions, and Global Warming Potentials are not applicable to Scope 3 emissions. IBM's KPIs do not apply to Scope 3 emissions. Scope 3 Emissions: IBM estimates emissions for the following categories: purchased goods and services, use of sold products, business travel (air travel and rental cars), employee commuting and leased vehicles. Data was not available to estimate emissions for rail travel. The estimates of scope 3 emissions are based on a host of assumptions and the estimated values do not provide meaningful estimates of CO2 emissions. The scope 3 emissions associated with our supply chain are the scope 1 and 2 emissions of our suppliers who are in the best position to responsibly manage and reduce these emissions. In 2010, IBM established a requirement that all its global Tier 1 suppliers establish an environmental management system (EMS) to identify their key environmental intersections, measure performance and set voluntary goals in, at a minimum, the following areas: energy conservation, Scope 1 and Scope 2 GHG emissions, waste management and recycling. Suppliers must publicly disclose their environmental programs and performance and cascade these same requirements to their suppliers. Our suppliers are best positioned to assess their own performance and take actions that lead to real GHG reductions as opposed to low value accounting exercise to estimate our supply chain emissions. Gross approximations of Scope 3 GHG emissions can help entities recognize where the greatest amounts of GHGs may occur during the life cycle of a typical process or general product or service on a macro level. This can be helpful when assessing, for example, what phases of a general product's design, production, use and disposal are ripe for improved energy efficiency and innovation. However, IBM does not assert on a micro level what the Scope 3 GHG emissions are from the operations of our suppliers and external distribution partners in their work that is specific to IBM, or associated with the use of our products and services. The necessary estimating assumptions and corresponding variability simply do not allow for adequate credibility, let alone calculations that could be perceived as deterministic.

References:

IBM Auditing and Verification	
2020 IBM and Environment Report	Page(s) 25-30
Energy and Climate	

Deemed material? Yes

GHG Emissions Intensity GRI 305-4

Environmental / Emissions / GHG Emissions Intensity GRI 305-4

GHG emissions intensity ratio for the organization.

	Denominator	2020	2019	2018	2017
GHG emissions intensity ratio:	Metric tons of CO2e/Full Time Equivalent Employee	2.6	3.6	3.9	3.3
List of gases included: CO2, PFCs, HFCs, N20	Types of greenhouse gas emissions included: Direct (Scope 1) Indirect (Scope 2) Other Indirect (Scope 3)				

Additional Comments

Due to the wide range of services and activities associated with IBM operations, there is not a GHG emission intensity metric that is meaningful or applicable to our operations. IBM does not use offsets to claim emissions reductions. The above includes IBM's Scope 1 and 2 emissions, and Scope 3 emissions associated with IBM's consumption of electricity at co-location data centers.

References:

2020 IBM and Environment Report	Page(s) 25-30
Energy and Climate	

Deemed material? No

Reduction Of GHG Emissions GRI 305-5

Environmental / Emissions / Reduction Of GHG Emissions GRI 305-5

GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO2 equivalent.

Unit: Metric Tons CO2	Denominator	2020	2019	2018	2017
Total GHG reductions:	Type of GHG emissions that have been reduced Direct (Scope 1) Indirect (Scope 2)	432,393	333,642	289,000	338,649
List of gases included: CO2	Base year or baseline: 2020				
Rationale for choosing base year: The baseline for the GHG reductions initiatives is the current year, as stated in our energy conservation goal. See the "additional comments". For the overall GHG reduction goal, the 2005 base year was initially established under IBM's second generation CO2 emissions reduction goal which was met and exceeded in year 2012. In February 2015, IBM announced a third generation CO2 emissions reduction goal as an extension of the second generation goal. As a result, the base year was kept as 2005. The base year has been adjusted for acquisitions and divestitures.					
Standards, methodologies, and assumptions used WRI/WBCSD Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards (Revised Edition)					

Additional Comments

In 2020, IBM's energy conservation projects across the company delivered savings equal to 3.5 percent of our total energy use versus the corporate goal of 3 percent. The energy conservation goal "baseline" is the current year's energy consumption. These projects avoided the consumption of 145,500 megawatt-hours (MWh) of energy, representing the avoidance of 51,000 metric tons of CO2 emissions. The conservation projects also saved $15.4 million in energy expense. These strong results are due to our continued, across-the-board focus on energy demand reduction, efficiency and the implementation of standard, global energy conservation strategies for facility operating systems. See the 2020 IBM and the Environment Report for details on conservation projects. IBM's energy conservation goal recognizes only completed projects that actually reduce or avoid the consumption of energy in our operations. Reductions in energy consumption from downsizings, the sale of operations and cost avoidance actions such as fuel switching and off-peak load shifting are not included in the results for measuring performance against achieving this goal. Moreover, the conservation results discussed above are conservative in that they include only the first year's savings from the conservation projects. Ongoing conservation savings beyond the first year are not included in the results. Accordingly, the total energy savings and CO2 emissions avoidance from these conservation actions is actually greater than this simple summation of the annual results. Between 1990 and 2020, IBM saved 9.8 million MWh of energy consumption, avoided 4.6 million metric tons of CO2 emissions and saved $661 million through its annual energy conservation actions.

In 2020, IBM contracted with its utility suppliers to purchase 1,520,000 MWh of renewable electricity over and above the quantity of renewable energy provided as part of the mix of electricity that we purchased from the grid. This represented 43.3 percent of our global electricity usage and resulted in the avoidance of 382,000 metric tons of CO2 emissions. In addition, IBM received approx. 562,000 MWh of renewable electricity as part of the grid energy mix in the regions where we operate, representing an additional 16.0% of renewable energy. In total during 2020, 59.3% of IBM's electricity consumption came from renewable sources. We procure renewable electricity generated from wind, large and small hydro, biomass, geothermal and solar installations around the globe. We report all of our contracted renewable electricity purchase, be they from new, "additional" or existing generation sources, and without discriminating large hydro installations, and their associated CO2 avoidance. Our rationale is that all purchases signal to our suppliers our desire for them to maintain and broaden their renewable electricity offerings. We value all economically accessible renewable generation sources and their availability from our utility suppliers. Our procurement of renewable energy must meet our business needs. Not only should the offerings be cost-competitive with market prices over time, but also, the electricity supply must be reliable in providing uninterrupted power for our critical operations. IBM's strategy of contracting for defined renewable energy has been most successful in Europe. We continue to request the inclusion of electricity generated from renewable sources as an option in our contracts in all geographies.

In 2021, IBM set its 5th generation greenhouse gas (GHG) emissions reduction goal to reduce GHG emissions 65% by 2025 against base year 2010, adjusted for acquisitions and divestitures. We also set a new goal to reach net zero GHG emissions by 2030.

References:

IBM Environmental Reporting	
CDP Disclosure	Page(s) Section 3, 10.1.a, 11.4
IBM Auditing and Verification	
2020 IBM and Environment Report	Page(s) 25-30

Deemed material? Yes

Emissions Of Ozone-Depleting Substances (ODS) GRI 305-6

Environmental / Emissions / Emissions Of Ozone-Depleting Substances (ODS) GRI 305-6

103-2: The management approach and its components	**IBM's global Environmental Management System:** IBM's corporate-wide environmental affairs policy calls for, among other objectives, the conserve of natural resources and the use of development and manufacturing processes that do not adversely affect the environment, including developing and improving operations and technologies to minimize waste, prevent air, water, and other pollution, minimize health and safety risks, and dispose of waste safely and responsibly. The environmental policy is supported by corporate instructions and standards that govern IBM's worldwide operations and are basic to its environmental management programs. These documents cover areas such as resource conservation and pollution prevention which outlines water conservation and effluent and waste management requirements. To identify and effectively manage the potential environmental impact of IBM's operations, IBM established and has maintained a strong worldwide environmental management system (EMS) for decades. It is a vital element in the company's efforts to achieve results consistent with environmental leadership. Our global EMS is accredited to the ISO 14001 2015 Environmental Management System standard requirements. Also, wastewater discharges are generally monitored and measured at the IBM locations that are in water stressed regions as defined by IBM's Water Goal. IBM established the current voluntary corporate-wide water goal in 2016 to achieve ongoing year-to-year reductions in water withdrawals at these locations. IBM global EMS identifies corporate-wide significant environmental aspects of the company's activities, products and suitable action plans are executed to ameliorate the environmental impacts on the environment. Hazardous waste generation, Nonhazardous waste generation, Waste recycling and reuse, Water use and conservation, Product reuse and recycling, are considered significant to IBM's global operations. **Resource conservation and pollution prevention for IBM's global operations** **Waste disposal, reuse and recycling** **Product Stewardship - Product design for environment, reuse and recycling:** IBM established its product stewardship program in 1991 as a proactive and strategic approach to the environmental design and management of our products. The program's mission is to develop, manufacture and market products that are increasingly energy efficient; that can be upgraded, refurbished, remanufactured and reused to extend product life; that incorporate recycled content and environmentally preferable materials and finishes; and that can be dismantled, recycled and disposed of safely. IBM's product stewardship objectives and requirements are implemented through our global environmental management system (EMS), internal standards, product specifications and applicable IBM offering management processes. Information on product environmental attributes such as energy efficiency, materials content, chemical emissions, design for recycling, end-of-life management, and packaging are documented in IBM's Product Environmental Profile (PEP) tool and reviewed at various checkpoints during the development process. Compliance management tools such as the Product Content Declaration (PCD) for IBM Suppliers support the assessments required for a complete PEP prior to product release. IBM's design and compliance controls - including a specification for Baseline Environmental Requirements for Supplier Deliverables to IBM, PCDs and compliance assessment protocols - are managed by an interdisciplinary team with representatives from IBM organizations that design, manufacture, procure, deliver and service our product offerings. The team's activities are coordinated by IBM's Center of Excellence for Product Environmental Compliance. IBM began offering product takeback programs for clients in Europe in 1989 and has continuously extended and enhanced these activities over the years. Today, IBM's Global Asst Recovery Services (GARS) is responsible for remarketing pre-owned and end-of-lease IBM system assets externally, reutilizing and redeploying assets internally, and providing an environmentally responsible product end-of-life management structure for the disposal of scrap IT equipment. GARS is uniquely positioned to help clients in the areas of equipment buyback and disposal as they upgrade their IT infrastructure or move to one of IBM's cloud solutions. When assets cannot be directly reused, they are remanufactured or refurbished using rigorous processes and original manufacturing standards and guaranteed by IBM to be like a new product. Assets may also be reconfigured to meet specific client requirements. Parts are harvested for reutilization in build processes as well as sold externally. These practices reduce the impact of retired assets on the environment by extending the life of existing IT equipment and reducing the need to manufacture new products. Only after all reuse and remarketing opportunities are exhausted will the remaining components be sent for materials recovery and recycling operations. As part of IBM's environmental management system, we conduct a supplier environmental evaluation for suppliers executing processes for which IBM has specified product end-of-life management services, with increasing levels of detail, depending on the risks associated with and the potential environmental impacts from the supplier's operations. IBM require all first tier suppliers providing product end of life management, recycling and disposal services in the Unites States, Canada, and European Union to achieve third party certification to an acceptable electronic products recycling standard or to demonstrate compliance with an IBM approved alternative. The product reuse and recycling goal is a kpi. **Pollution Prevention - Hazardous waste and Nonhazardous waste:** Pollution prevention is an important aspect of IBM's long-standing environmental efforts and it includes, among other things, the management of waste. For hazardous waste the best way to prevent pollution is to reduce the generation of waste at its source. This has been a basic philosophy behind IBM's pollution prevention program since 1971. Where possible, we redesign processes to eliminate or reduce chemical use and to substitute more environmentally preferable chemicals. We maintain programs for proper management of the chemicals used in our operations, from selection and purchase to storage, use and final disposal. IBM has also focused for decades on preventing the generation of nonhazardous waste, and where this is not practical, recovering and recycling the materials that are generated. Nonhazardous waste includes paper, wood, metals, glass, plastics and other nonhazardous chemical substances. We established our first voluntary environmental goal to recycle nonhazardous waste streams in 1988. The goal has since evolved on two fronts. The first expanded on the traditional dry waste streams to include nonhazardous chemical waste and end-of-life IT equipment from our own operations, as well as IBM-owned equipment that is returned by external clients at the end of a lease. The second expansion was made to include nonhazardous waste generated by IBM at leased locations meeting designated criteria. IBM's voluntary environmental goal is to send an average of 75 percent (by weight) of the nonhazardous waste generated at locations managed by IBM to be recycle. The Nonhazardous waste recycling goal is a KPI. **Water use and conservation** The preservation of water resources and protection of watersheds are important areas of focus for IBM. Our first water conservation goal was established in 2000 and has evolved over time as IBM has transformed from a vertically integrated manufacturing company to a hybrid cloud and AI platform company. Our current water use is primarily associated with cooling and humidity control at offices and data centers, domestic consumption at the workplace, testing of building fire protection systems, and landscape irrigation. Our current water conservation goal is to achieve year-to-year reductions in water withdrawals at larger IBM locations and data centers in water-stressed regions. We use the World Resources Institute's Aqueduct Water Risk Atlas, which highlights regions around the world where water resources are stressed to meet human and ecological demand. We identify IBM locations in areas of "high" or "extremely high" baseline water-stress and incorporate this with site specific criteria to determine the locations subject to our water conservation goal. **Supply chain activities** IBM is committed to doing business with environmentally responsible suppliers. In 2010, IBM established a requirement that all first-tier suppliers establish a management system to address their social and environmental responsibilities. IBM expects each supplier to deploy a management system, measure performance, set goals in a way that reflects their intersections with their social and environmental responsibilities, and publicly disclose their programs and results. Our objective is to help our suppliers build their own capability to succeed in this area. With this in mind, the baseline environmental requirements for IBM suppliers are summarized below: • Define, deploy and sustain a management system that addresses the intersections of their operations with employees, society and the environment; • Measure performance and establish voluntary, quantifiable environmental goals in the areas of waste, energy and greenhouse gas emissions; • Publicly disclose results associated with these voluntary environmental goals and other environmental aspects of their operations; • Conduct self-assessments and audits, as well as management reviews, of their management system; • Cascade these requirements to their suppliers who perform work that is material to the products, parts and/or services supplied to IBM. At this time IBM has not identified any material risks or opportunities for water use or waste water discharges of its supply chain associated with IBM worldwide business. IBM reserves the right to assess the supplier's conformance to these requirements any time during the term of the purchasing agreement. Failure to comply with all applicable requirements can ultimately result in termination. For more detailed information on the above, please visit: https://www.ibm.com/ibm/e... **Environmental evaluation of suppliers** As part of its global environmental management system, IBM conducts a three-stage supplier environmental evaluation for suppliers providing hazardous waste management services or product end-of-life management services, with increasing levels of detail, depending on the risks associated with and the potential environmental impacts from the supplier's operations. For more detailed information on the above, please visit: https://www.ibm.com/ibm/e... **Supplier Code of Conduct** IBM endorses the Responsible Business Alliance (RBA) Code of Conduct for its internal operations and requires the same of our direct (first-tier) suppliers for hardware, software and services. For more detailed information on the above, please visit: https://www.ibm.com/ibm/e...

103-3: Evaluation of the management approach	Evaluation of Product end-of-life Management and Waste disposal and management approaches **Product Stewardship - Product recycling and reuse:** IBM's environmental goal is to reuse or recycle end-of-life products such that the amount of product waste sent by our operations to landfills or to incineration facilities for disposal does not exceed a combined 3% by weight of the total amount processed. In 2020, IBM's global product end-of-life management operations processed over 16,900 metric tons of end-of-life products and product waste. More than 96% (by weight) was recycled, resold, or reused, 3% was sent to waste to energy, and less than 1% was sent for landfill or incineration operations for disposal. Over the last 25 years since IBM began reporting these results in our annual environmental reports in 1995 IBM global operations have processed 1.1 million metric tons of product and product waste (2.4 billion pounds). **Pollution Prevention - Hazardous waste:** IBM does not generate large quantities of hazardous waste. In 2020, IBM generated 1,422 MT of hazardous waste, of which 57% was reused, recycled, or sent for waste to energy recovery. Batteries (lead and other mixed chemistries) and activated carbon undergoing regeneration comprised the primary hazardous waste streams that were recycled or reused. When prevention, reuse and recycling are not available or practical, other recovery methods are utilized, such as waste to energy. Landfill and incineration are only used when recovery solutions are not available or when mandated by laws or regulations. For example, of the total hazardous waste sent to landfill approximately 39% was de-watered contaminated sludge from industrial wastewater treatment. **Pollution Prevention - Nonhazardous waste:** Our current goal is to send on average 75% (by weight) or more of the nonhazardous waste IBM generates worldwide to be recycled. In 2020, we sent approximately 83.8% of the 22,200 MT of nonhazardous waste that we generated for recycling. Materials recovered from nonhazardous waste and sent to be recycled included: paper and cardboard, metals, plastics, wood, construction debris, cafeteria waste and end-of-life IT equipment. In addition, IBM avoided the generation of over 99 MT of waste in 2020 by reusing furniture across different offices, using demolition material for refurbishment projects, and by arranging the return of pallets to suppliers for reuse. The amount of nonhazardous waste IBM sent for recycling in 2020 decreased by approximately 2.6% from 2019. This reduction is mainly driven by an overall decrease in the total nonhazardous waste generated by IBM (decreased by 9,500 MT or 30% -including waste streams that generally have higher recycling ratios like end of life IT equipment, construction debris, cardboard and paper, office waste) in combination with an increase in the amount of nonhazardous wastewater sludge sent for aqueous treatment (969 MT) which is not considered a means of recycling. Other disposition methods that are not considered recycling include incineration (i.e., without energy recovery), landfilling and treatment such as sterilization. The overall decrease in total nonhazardous waste generated by IBM last year was largely driven by fewer workers physically present at IBM locations due to the COVID 19 pandemic.Since 2012, IBM has consistently sent more than 83% of the total nonhazardous waste that we generate (by weight) for recycling. In our efforts to continually improve our environmental performance, IBM is announcing a new goal that builds upon IBM's prior nonhazardous waste goal. IBM has set a new goal to divert 90% (by weight) of IBM's total non-hazardous waste from landfill and incineration by 2025 through reuse, recycling, composting, and waste to energy processes. Further, we will accomplish this goal by limiting our use of waste to energy processes for no more than 10% (by weight) of the diverted waste. In addition, as part of IBM's continual efforts to conserve natural resources and minimize waste, IBM is also setting a goal to eliminate non-essential, single use plastic items (including cups, straws, cutlery, plates, carry bags, and food containers) from IBM managed cafeteria operations globally by 2025. The use of plastic in IBM cafeteria's is an area that presents an opportunity for IBM to contribute toward reducing plastic waste. **Water Use and Conservation**: In 2020, water withdrawals at these IBM locations decreased by 6.7% versus 2019. A major contributing factor to this decrease was the simple fact that many IBM employees worked from home for a majority of 2020. With that said, several projects were still implemented that resulted in better management of water used in building cooling tower systems and improved water use by humidification equipment for regulating environmental conditions in data centers. Other projects included the installation of automated water irrigation controls, maintenance of underground water pipelines, and installation of water saving devices in our amenity areas. Water withdrawals were also avoided through actions such as recycling of on-site treated wastewater for use in evaporative cooling systems and for landscape irrigation as well as reusing water discharged from testing fire protection systems for landscape irrigation. In 2020, on-site reuse of process water and recycling of treated wastewater at these locations was equivalent to 3% of their total water use. IBM locations outside of water-stressed regions that have identified water use and conservation as environmentally significant have also implemented water conservation measures to avoid water withdrawals. For example, our facilities in Bromont, Canada and Vác, Hungary, implemented water reduction and reuse projects that decreased water withdrawals by approximately 5,800 cubic meters. Water conservation projects included the identification and repair of damaged underground water pipes, the reuse of process water as well as upgrades and ongoing adjustment to the building cooling and humidification system. Additionally, T.J. Watson Research Center reused 51,154 cubic meters of water rejected from the on-site deionized water process back in the system for reprocessing.

References:

IBM Environmental KPIs	
IBM Environmental Reports	Page(s) 36, 39, 50
2020 IBM and Environment Report	Page(s) 20, 32, 34-35

Water Discharge by Quality and Destination GRI 306-1

Environmental / Effluents and Waste / Water Discharge by Quality and Destination GRI 306-1

Total volume of planned and unplanned water discharges.

Unit: Cubic Meter				
☐ †Company can identify discharges of water from operations by destination, treatment and by quantity and quality using standard effluent parameters.	Destination	Volume	Quality of the water (including treatment method)	Reused by another organization
2020				
	Total Volume:	Total volume of water discharge		
2019				
	Total Volume:	Total volume of water discharge		
2018				
	Total Volume:	Total volume of water discharge		
2017				
	Total Volume:	Total volume of water discharge		
Data publicly available No				

Reason for Omission:
Confidentiality Constraints
Describe the specific confidentiality constraints.
Management of Water Discharges from IBM Locations worldwide: IBM complies with the requirements in our site water discharge permits issued by applicable regulatory authorities, including submitting required discharge reports. Globally, only three IBM managed locations with on-site wastewater treatment plants and applicable discharge permits discharge treated wastewater directly to receiving waters. In addition, IBM establishes its own requirements for tracking, reporting and managing discharges at applicable locations including IBM locations in water-stressed regions that are in our water conservation goal. While IBM does not publicly disclose water discharge details from locations managed by IBM globally, we do publish our water management performance in the annual IBM and the Environmental reports.

Additional Comments

Management of Water Discharges from IBM Locations worldwide: IBM complies with the requirements in our site water discharge permits issued by applicable regulatory authorities, including submitting required discharge reports. Globally, only three IBM managed locations with on-site wastewater treatment plants and applicable discharge permits discharge treated wastewater directly to receiving waters. In addition, IBM establishes its own requirements for tracking, reporting and managing discharges at applicable locations including IBM locations in water-stressed regions that are in our water conservation goal. While IBM does not publicly disclose water discharge details from locations managed by IBM globally, we do publish our water management performance in the annual IBM and the Environmental reports.

References:

2020 IBM and Environment Report	Page(s) 20, 32

Deemed material? No

Significant Spills GRI 306-3

Environmental / Effluents and Waste / Significant Spills GRI 306-3

Total number and total volume of recorded significant spills.

Volume unit:				
Recorded significant spills	Total number	Total volume		
2020	4	0		
2019	4	0		
2018	2	0		
2017	3	0		
Spills reported in the recent annual financial statement	Location of spill	Volume of spill	Spill material	Impact of spill
0	0	0	Fuel	

Additional Comments

IBM sites around the world report environmental incidents and accidental releases to IBM management through the company's Environmental Incident Reporting System (EIRS). Every event meeting IBM's environmental incident reporting criteria, which equals or surpasses legal reporting requirements and include releases to secondary containment, must be reported through EIRS. Each IBM location must have an environmental incident prevention program (including provisions for preventing environmental incidents or their recurrence) and a reporting procedure. Root cause is investigated for all releases and corrective action taken as appropriate.

None of the spills were of a duration or concentration to cause long-term environmental impact.
None of the spill reported for the period 2016 - 2020 were of a significance that required reporting in IBM's Corporate Financial Statements or Reports for that period.

All detailed information are reported in our latest annual IBM and the Environmental report and in the environmental section of the latest annual Corporate Responsibility Report listed in References below.

References:

IBM Environmental Reporting	
2020 IBM and Environment Report	Page(s) 22

Deemed material? No

Transport of Hazardous Waste GRI 306-4

Environmental / Effluents and Waste / Transport of Hazardous Waste GRI 306-4

Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.

Minimum number of weeks notice typically provided to employees and their elected representatives prior to the implementation of significant operational charges that could substantially affect them:
Notice period and/or provisions for consultation and negotiation are specified in collective agreements

Additional Comments

The length of the notice period and provisions for consultation and negotiation are dependent on the type of change being made and legal requirements (including those contained in industry and/or economy-wide collective bargaining agreements), if applicable, in the countries in question It is not uncommon for legal provisions to only indicate general guidelines or different notice periods for different types of changes/measures. In all instances IBM is committed to providing appropriate notice and to following the legal, industrial relations and consultation requirements, if any, within the countries implementing a change.

Deemed material? No

Occupational Health and Safety

Management Approach: Occupational Health and Safety GRI 103-1, 103-2, 103-3

Social / Occupational Health and Safety / Management Approach: Occupational Health and Safety GRI 103-1, 103-2, 103-3

Explanation of Occupational Health and Safety as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.

Topic: GRI 403 Occupational Health and Safety	
103-1: Explanation of the material topic and its Boundary	IBM has a long history of excellence in employee health and safety. The importance we place on this priority supports our ongoing commitment to our employees, customers, business partners, visitors, and the communities where we live and work. Occupational health and safety is a critical factor and core value in our company's success and as such, is expressly stated in two of IBM's fourteen corporate policies and principles including Corporate Policy 127 Culture of Health and Safety. Our support for healthy work environments and improved health through prevention is vital to our innovation and productivity. Occupational Health and Safety at IBM applies to all activities, workers, and workplaces controlled and managed by IBM operating units, corporate staffs and majority and wholly owned subsidiaries where there has been a transfer of employment. The technical scope of IBM's Health and Safety Management System covers work activities in the design, development, manufacture, and support of information technology solutions including hardware and software products, consulting and financing services, and global support functions. The application of IBM's Health and Safety Management System (HSMS) is aimed towards preventing injury and ill health of its workers and providing safe and healthy IBM workplaces. Outsourced arrangements and procured products such as on-site contractors and other services apply in this context.
103-2: The management approach and its components	IBM's commitment and management of health and safety begin with Corporate Policy 127. Labeled the Culture of Health and Safety, this policy which was reissued on September 10, 2018, sets the tone and expectations for how we manage our priorities, work activities, strategies, and operations. We implement the policy though our Health and Safety Management System (HSMS) which is certified to the 2018 ISO 45001 Occupational Health and Safety Management System (OHSMS) standard and OHSAS 18001 before that. The architecture of this standard and the HSMS emphasizes leadership and worker participation. The objectives of our health and safety management system include providing a safe and healthy workplace, the prevention of injuries and illnesses, and the provision of resources (people, financial, technological) to fulfill these commitments. IBM's Corporate Instruction 110 (IBM Health and Safety Management System Roles and Responsibilities) establishes and affirms how everyone in the organization has a role to play in maintaining safe and healthy workplaces. Our annual plans with objectives and targets are aimed at continual improvement, reducing health and safety risks by creating standards and practices to control and manage hazards. Wherever possible, risks are eliminated, before pursuing engineering designs and work organization prior to applying and adding administrative controls and personal protective equipment. Each year, we review data and examine indicators on our performance via monitoring, measurements, and management reviews. This includes compliance with legal and IBM requirements. Plans often result in creating and updating standards for safe work and building worker competencies for injury and illness prevention and mitigation. IBM's culture of health and safety promotes worker participation. Employees must at all times comply with IBM's business conduct and related guidelines. Violation of any IBM guideline is cause for discipline, including dismissal from the company. Employees are encouraged to consult with their management immediately if they have any questions regarding safety and whether their actions might violate an IBM policy. Workers are encouraged to report safety concerns to their managers with additional means for reporting though "Ask Health and Safety", "Human Resources (HR@IBM)", the "Concerns and Appeals Program" and a discreet program (Talk It Over@IBM) for discussing non-inclusive behaviors (harassment, sexual harassment, bullying, favoritism etc.) that could impact their personal health and safety or those affecting other workers.
103-3: Evaluation of the management approach	Performance evaluation is one of the key elements of the HSMS and allows our workers and senior leadership team to assess whether the intended outcomes, objectives and plans have been met or where continual improvements can be made. The assessments and feedback for corrective action and improvements are ongoing. Comparisons are made against local health and safety requirements as well as our global IBM standards. A variety of monitoring and measurement processes are used including hazard identification, risk evaluations, physical inspections, health and safety self-assessments and peer reviews. Key controls are assessed along with compliance with requirements. Reports are generated and the findings are provided to affected workers outlining key measurements, control points, and appropriate corrective actions. The process includes employee participation for providing inputs and suggestions, identifying hazards, conducting self-assessments, and implementing health and safety improvements. In addition to these ongoing monitoring processes, our Health and Safety Management System is audited each year by staff members trained and qualified as lead auditors on ISO 45001. ISO 45001 is an international consensus standard on Occupational Health and Safety Management Systems from which the HSMS is designed. IBM obtained worldwide certification to ISO 45001 in 2019 through a third-party registrar who continues to conduct surveillance audits each year to help assure the system conforms to requirements and is effectively managing occupational health and safety. Each year, our top management team also reviews the adequately, suitability and effectiveness of the management system, including the resources required, considering the information from monitoring and measurement. This results in recommendations for health and safety improvements that feed into the annual planning process. Hazards and risks, well-being aspects, legal, regulatory, and internal requirements, effectiveness of current operational controls, financial, operational, and business considerations, available technology and the concerns and views of interested parties are considered. Annual improvement objectives are set, monitored, and reviewed during subsequent management reviews. Improvement plans provide the details how objectives are met and are shared with those expected to support implementation.

References:

Employee Well Being

IBM Culture of Health & Safety Policy

Occupational Health and Safety Management System GRI 403-1

Social / Occupational Health and Safety / Occupational Health and Safety Management System GRI 403-1

Description of occupational health and safety management system

Statement of implementation
IBM's Health and Safety Management System (HSMS), established in 1999, globally integrates occupational health and safety programs with its evolving business needs and worker activities. Our programs are focused on identifying, assessing, and addressing health and safety risks that IBMers and other workers may be exposed to in their line of work, our workplaces, and emerging risks such as mental health issues or the current pandemic. Initially based on ISO 14001 Environmental Management Systems, IBM has had a history of external recognition though (external) third party certification of its global HSMS first to OHSAS 18001 and more recently in 2019, to ISO 45001 Occupational Health and Safety Management system (one of the first to achieve this certification for a fortune 100 company). While ISO 45001 provides the overarching framework, the HSMS builds on its adoption with other standards of management system performance including OSHA's Voluntary Protection Program as well as compliance with local regulations such as California OSHA's Injury and Illness Prevention program.

Description of OHS management system scope
The health and safety management system requirements apply to all activities, workers, and workplaces controlled and managed by IBM operating units, corporate staffs and majority and wholly owned subsidiaries where there has been a transfer of employment. The technical scope of IBM's Health and Safety Management System covers the design, development, manufacture, and support of information technology solutions including hardware and software products, consulting and financing services, and global support functions.

References:

IBM ISO Management System Certifications

IBM Culture of Health & Safety Policy

Hazard Identification, Risk Assessment, and Incident Investigation GRI 403-2

Social / Occupational Health and Safety / Hazard Identification, Risk Assessment, and Incident Investigation GRI 403-2

Hazard identification, risk assessment, and incident investigation

Process to identify work-related hazards and risks:
Under IBM's Health and Safety Management System (HSMS), all workers and business functions have a role in identifying hazards and risks associated with the workplace and the activities they manage. Standards and the related education and awareness programs establishing competencies for managing risks are provided to affected workers. These standards, developed from previously identified hazards, are managed by trained professionals in Corporate Health and Safety (CH&S) to control and/or eliminate health and safety risks. The IBM Health and Safety Standards contain baseline requirements that apply globally and are used when local legal and regulatory requirements are insufficient to adequately address health and safety risks. As activities and IBM operations are subject to change, ongoing assessments are performed by line organizations, with support from CH&S, to identify new and emerging hazards and risks. This includes changes to existing activities, facilities, strategic plans, and changes in personnel. The standards which include criteria and actions for compliance used to manage hazards, risks and opportunities include recognizing when the established standards need to be added or updated leveraging the hierarchy of controls to improve OHS effectiveness.

Each year, CH&S leads a planning session collecting information from monitoring and measurement, audits, management reviews and inputs from workers. The data is analyzed for actual or potential risks from new and existing hazards. Risks are evaluated and the hierarchy controls applied for possible areas for improvement. Some risks, such as those from incidents from accidents and non-routine events, are addressed immediately for corrective action. Risks identifying trends related to incident statistics, and those with a potential for making significant or system-oriented improvements are evaluated for targeted objectives. Improvement opportunities for risks that need to be addressed are also identified during management reviews. Plans are then developed, and actionable steps taken and monitored throughout the year with progress reported during the next round of management reviews. Targeted objectives occur at the global and local level. Concurrently, CH&S reviews IBM's health and safety standards periodically for adequacy and additional opportunities for improvement in managing hazards and risks.

Process for worker reporting:
IBM expects employees to report not only hazards but any unethical or unlawful conduct involving IBM. Workplace hazards are to be immediately reported though any of the following IBM Communication Channels:

- Ask Health and Safety
- Corporate Health and Safety
- Local incident reporting tools
- Management team
- Human Resources (HR@IBM)

- Workplaces@IBM
- IBM Counsel
- IBM Trust & Compliance
- IBM Government & Regulatory Affairs
- Talk It Over@IBM: Have a discreet conversation with an HR professional if you are experiencing non-inclusive behaviors (harassment, sexual harassment, bullying, favoritism etc.)

IBM's Concerns and Appeals program include "Open Door" to higher management and "Confidently Speaking" which lets employees raise concerns anonymously. Also, employees are not prohibited from reporting possible violations of law or regulation to a government agency, as permitted by law.

IBM does not tolerate threats or acts of retaliation against individuals for making any reports. This commitment is communicated annually as part of required training to IBM's Business Conduct Guidelines.

Policy or process for workers to remove themselves from unsafe situations:
Annually, all IBM employees are required to complete and affirm their commitment to comply with all IBM policies and applicable local laws which includes health and safety related guidelines such as accident or incident reporting and workers being able to remove themselves from work situations that present an imminent and serious danger for life or health. Workers who report health and safety concerns are protected against reprisals per IBM Policy.

Process to investigate work-related incidents:
When a work-related incident occurs, line management explores the possible factors associated with the incident by asking what happened, how it happened and why it happened. Often, this includes participation from workers who support or are involved with the activities where the incident occurred. Once the root cause(s) is determined, appropriate and effective corrective action(s) are taken considering the nature and severity of the risks. Corrective actions are prioritized as follows:

- eliminate the hazard
- substitute with less hazardous processes, operations, materials or equipment
- use engineering controls and reorganization of work
- use administrative controls, including training
- use adequate personal protective equipment

All reported work-related incidents follow a consistent process with the objective of helping restore the worker's health as soon as possible, preventing further occurrence, and supporting the worker to return safely back to work. IBM has deployed IT solutions (both globally and locally) to automatically notify line management and IBM safety professional(s) of the accident and in a consistent and repeatable fashion, assist them with gathering information, defining the problem, determining root cause, developing and implementing the necessary corrective actions to prevent recurrence. Reports are made to those who are affected to prevent recurrence or occurrence of similar incidents.

Occupational Health Services GRI 403-3

Social / Occupational Health and Safety / Occupational Health Services GRI 403-3

Description of occupational health services functions

Occupational health services' functions:
Corporate Instruction 110 IBM Health and Safety Responsibilities outlines the responsibilities for all workers for maintaining safety in our workplaces. Specific to occupational health services, Corporate Health and Safety (CH&S) is charged with the overall management of IBM's Health and Safety Management System (HSMS) and defines the health and safety requirements by creating standards of practice for managing hazards and risks. CH&S consists of a globally integrated team of professionals with expertise as medical doctors, nurses, psychologists, social workers, safety engineers, industrial hygienists as well as public health and wellness professionals. Many are licensed (i.e. MD, RN) and/or certified in their areas of practice.

CH&S provides workers and line organizations with advice and counsel on managing risks and for meeting legal and IBM requirements. This includes oversite and education on the design of the HSMS, related processes and health and safety standards. Periodically, CH&S conducts routine monitoring and measurement against these requirements in addition to internal audits of its health and safety performance and conformity of the HSMS to ISO 45001. Results are reported to relevant workers and discussed during management reviews to identity opportunities for continual improvement.

Worker Participation, Consultation, and Communication on Occupational Health and Safety GRI 403-4

Social / Occupational Health and Safety / Worker Participation, Consultation, and Communication on Occupational Health and Safety GRI 403-4

Description of worker participation and consultation.

Details of worker participation and consultation:
Participation (and consultation) programs and processes are provided for all workers where IBM provides specific oversite and direction on work activities and how they are completed. This includes input on IBM's Health and Safety Management System (HSMS) needs and expectations, training and education, health and safety requirements (and how they can be met), improvements to IBM's health and safety policy, roles and responsibilities supporting the HSMS, improvements and actions, audits, inspections, monitoring and controls.

Workers also participate in decisions relative to their health and safety. These include seeking input on participation programs, identifying hazards and risks and possible improvements in the health and safety of the workplace, determining what skills and education are needed, communication and health and safety awareness, and involvement with investigating incidents and corrective action. During annual audits of the HSMS, worker input is collected and the programs for worker participation and consultation evaluated for conformity and performance contributing to suggestions for possible improvements to the occupational health and safety management system.

Details of joint management-worker health and safety committees:
IBM and its workers participate in joint management/worker safety committees such as the European Work Councils, as well as local safety committees, where legally required. Safety and health committees are encouraged where not legally mandated. Safety committee meetings are held at a frequency based on the risk of the work being performed. The roles and responsibilities of the members of the safety committees vary per location.

Committees are only one aspect open for worker participation and consultation. To improve health and safety at IBM, worker feedback and participation is encouraged through multiple mechanisms and lines of communication and processes including:

- Ask Health and Safety
- Ask HR
- Concerns and Appeals Program
- Accident investigations (local)
- Facilities related concerns (Workplaces@IBM)
- Local collaboration mechanisms (e.g., Slack channels, blogs, w3 Publisher)
- Talk It Over@IBM: Have a discreet conversation with an HR professional if you are experiencing non-inclusive behaviors (harassment, sexual harassment, bullying, favoritism etc.)

Worker Training on Occupational Health and Safety GRI 403-5

Social / Occupational Health and Safety / Worker Training on Occupational Health and Safety GRI 403-5

Description of relevant occupational health and safety training for workers.

Description of training:
IBM and our managers provide education required by legal and IBM health and safety requirements with support from Corporate Health and Safety. This includes education when a worker is introduced to changes to IBM operations or environments that could lead to new hazards and risks. Examples of education ranges from general health and safety awareness (e.g. IBM's health and safety policy, emergency preparedness) to certification of health and safety skills (e.g. high energy lockout). Managers retain appropriate records as evidence of competence (e.g. training records). A list of educational opportunities available to workers and designed with language considerations, can be found on YourLearning. Appropriate documentation or verification of worker competency is attained through methods such as testing, observation, and audits and are managed and maintained by the managers.

In addition to ensuring the competence of workers in performing their day to day work safely, managers ensure that workers are aware of:

- the importance of worker participation in promoting a safe work environment
- the importance of reporting situations that could present serious harm to themselves and others and the authority to remove themselves from these situations
- actions they need to take in the event of an emergency
- incidents and investigations relevant to their health and safety
- implications and potential consequences of not conforming to IBM's health and safety requirements
- IBM corporate policies, instructions and relevant health and safety standards and objectives.

Awareness and education are provided through various channels such as: IBM Business Conduct Guidelines training, Safe and Healthy IBMer training, contractor guides, internal online communications and department meetings.

Promotion of Worker Health GRI 403-6

Social / Occupational Health and Safety / Promotion of Worker Health GRI 403-6

Access to non-occupational healthcare and health promotion.

Worker access to non-occupational medical and healthcare services:
IBM's health benefits, disability programs, and wellbeing initiatives are designed to "Advance the wellbeing of employees and their families, every day, everywhere." Programs are customized according to local (geographical) risk factors such as smoking cessation, substance abuse and mental health programs. We offer access to insurance and supplement healthcare provided by social systems where possible. To help facilitate access to care in global markets our Health and Benefits team collaborates with local stakeholders to pursue sustainable structures with shared employee/employer responsibility for the health, wellbeing, and the costs of healthcare, with a focus on the employee experience. Our goal is to integrate health, wellbeing and disability programs to provide a cohesive employee experience.

The scope of services offered ranges from primary care and prevention, such as flu vaccinations offered at the workplace and the community and preventive screenings, maternity care, Employee Assistance Programs, support for new parents, acute and chronic condition management, and tertiary care. In some geographies, onsite medical clinics are also provided where legally required. There are also provisions for individual case management to help workers, who are ill or injured, return to work safely.

IBM ensures the confidentiality of workers' personal health related information through compliance with General Data Protection Regulation and local legal requirements.

Health promotion services and programs:
IBM offers a wide range of health promotion services and programs, ranging from physical, mental and financial health offerings, to support the overall well-being of its employees. We strive to provide culturally relevant, meaningful in the workplace and the community, partnering with vendors to offer multi-channeled, simple communications. Access to these services and resources vary per country and may be offered through virtual mechanisms, onsite activities, or external partners.

On World Mental Health Day in 2019, IBM launched a global initiative centered on the prevention of psychosocial risk factors that could have a negative impact on individuals and teams. The activities were focused on demonstrating IBM's commitment to workforce mental health, reducing stigma associated with mental health conditions, creating awareness of psychosocial risks, and highlighting resources and benefits IBM provides to employees. This year, IBM continues to take significant strides around mental health. Everywhere around the globe, employees now have access to critical mental health support through our Employee Assistance Programs. Employees can access free confidential support 24/7 on topics such as depression, anxiety, stress, trauma, grief, and more.

References:

2020 Corporate Responsibility Report

Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships GRI 403-7

Social / Occupational Health and Safety / Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships GRI 403-7

Description of OHS impacts directly linked by business relationships.

Approach to preventing or mitigating business relationship impacts:
Control of health and safety risks includes the management of procured products such as raw materials, equipment, and hazardous material or substances. IBM Procurement maintains a list of products and product families that require an additional assessment by Corporate Health and Safety prior to purchase. Corporate Health and Safety reviews these products (with buyer input if necessary) and either approves (potentially with conditions) or prohibits their use within IBM.

Contractors are required to meet certain qualifications for health and safety as an outsourced arrangement. Whether it's an onsite contractor, or other employers on a shared site, IBM works through the primary requestor/coordinator, to coordinate health and safety practices that potentially affects the performance of IBM's Health and Safety Management System (HSMS) and the safety of our workers. These requirements include

- Providing contractors with applicable IBM health and safety requirements
- Ensuring affected workers are informed of potential hazards associated with contractor activities
- Informing contractors of IBM hazards and risks they may encounter while performing contracted work
- Verifying contractors' qualifications to perform the contracted work
- Addressing unsatisfactory contractor safety and health performance

IBM also provides oversight for contractors and contracted work commensurate with the risks. Health and safety performance, including compliance with legal health and safety requirements, is included in contracts and audits.

Workers Covered by an Occupational Health and Safety Management System GRI 403-8

Social / Occupational Health and Safety / Workers Covered by an Occupational Health and Safety Management System GRI 403-8

Quantification of workers covered by relevant management systems.

	2020	2019	2018	2017
Number of covered employees...				
...as percentage of total work force.	100	100	100	100
Number of employees covered by internally audited system...				
...as percentage of total work force.	100	100	100	100
Number of employees covered by externally audited system...				
...as percentage of total work force.	100	100	100	100
Exclusions:				
Contextual information: IBM's Health and Safety Management System (HSMS) apply to all activities, workers, and workplaces controlled and managed by IBM operating units, corporate staffs in addition to majority and wholly owned subsidiaries where there has been a transfer of employment. The HSMS defines the workers covered under the HSMS as IBM employees (including management) and others who are not IBM employees but who perform work activities under the oversight and direction of IBM where it controls how (means and methods) work is done. In 2019, following evaluation by a third-party auditor, IBM's HSMS obtained corporate-wide certification to the ISO 45001:2018 standard. IBM's global certification is based on a three-year cycle, with a certification audit in the first year and surveillance audits in the second and third years. The scope of the audit covers IBM Health and Safety Management System processes supporting IBM operations and 100% of our workers globally. The HSMS also covers contractors who are not defined as IBM's workers.				

References:

IBM ISO Management System Certifications

Work-Related Injuries GRI 403-9

Social / Occupational Health and Safety / Work-Related Injuries GRI 403-9

Quantify work-related injuries and calculate relevant ratios.

Employees	2020	2019	2018	2017
Number of fatalities:				
Rate of fatalities:	0	0	0	0
Number of high-consequence work-related injuries:				
Rate of high-consequence work-related injuries:				
Number of recordable work-related injuries:				
Rate of recordable work-related injuries:	0.14	0.24	0.26	0.25
Number of hours worked:				
Main types of work-related injury: The main types of work-related injuries among IBM employees include (1) slips, trips and falls, (2) hearing loss, and (3) tools/machinery				
Non-Employees	**2020**	**2019**	**2018**	**2017**
Number of fatalities:				
Rate of fatalities:				
Number of high-consequence work-related injuries:				
Rate of high-consequence work-related injuries:				
Number of recordable work-related injuries:				
Rate of recordable work-related injuries:				
Number of hours worked:				
Main types of work-related injury:				
Risks of high-consequence injury: Currently, severity is not a metric used in our reporting process; however, all reported cases follow a consistent process with the objective of helping restore the worker's health as soon as possible, preventing further occurrence, and supporting the worker to return safely back to work.				
Action to eliminate work-related hazards: Each year, IBM conducts a planning session collecting information from monitoring and measurement, audits, management reviews and inputs from workers. The data is analyzed for actual or potential risks from new and existing hazards. Risks are evaluated and the hierarchy of controls applied for possible areas for improvement. Some risks, such as those from incidents from accidents and non-routine events, are addressed immediately for corrective action. Risks identifying trends related to incident statistics, and those with a potential for making significant or system-oriented improvements are evaluated for targeted objectives. Improvement opportunities for risks that need to be addressed are also identified during management reviews. Plans are then developed, and actionable steps taken and monitored throughout the year with progress reported during the next round of management reviews. Targeted objectives occur at the global and local level.				
Rates calculated based on 200,000 or 1,000,000 hours worked: 200,000				
Exclusions: Data on work-related accidents among non-employee workers are not collected at the global level. If permissible, this information may be collected at a country level				
Contextual information: In alignment with ISO 45001: 2018, IBM classifies an accident as an incident where injury or ill health occurs. The responses in this disclosure include both injuries and illnesses.				

Work-Related Ill Health GRI 403-10

Social / Occupational Health and Safety / Work-Related Ill Health GRI 403-10

Details of work-related ill health.

Employees	2020	2019	2018	2017
Number of fatalities as a result of work-related ill health:				
Number of cases of recordable work-related ill health:				
Main types of work-related ill health:				
Non-Employees	2020	2019	2018	2017
Number of fatalities as a result of work-related ill health:				
Number of cases of recordable work-related ill health:				
Main types of work-related ill health:				
Work-related hazards that pose a risk of ill health:				
Exclusions:				
Contextual information:				

Reason for Omission:
Confidentiality Constraints
Describe the specific confidentiality constraints.
Total number of employees and hours worked is IBM Confidential.

Additional Comments

In alignment with ISO 45001: 2018, IBM classifies an accident as an incident where injury or ill health occurs. For accident statistics that include injuries and illnesses reference GRI Disclosure 403-9 Work-related injuries.

Deemed material? Yes

Training and Education

Management Approach: Training and Education GRI 103-1, 103-2, 103-3

Social / Training and Education / Management Approach: Training and Education GRI 103-1, 103-2, 103-3

Type and scope of programs implemented and assistance provided to upgrade employee skills.

IBM's strategy for its employees' learning and leadership development is driven by data, rooted in science and focused on empowering IBMers to direct their own career paths. Employees have 24/7 access to a number of advanced tools and resources that begin with Your Learning, our digital platform that uses Watson AI technology to generate personalized recommendations of skills to develop and the resources to help do it. Your Learning Boost is a supplemental, personalized app that enables peer-to-peer collaboration and social sharing of IBMers' learning goals and achievements. Your Career at IBM, launched in 2020, is designed to help IBMers understand the skills they have, gain clarity on skills they need, and open doors to new roles and career opportunities at IBM. The online platform connects IBMers to certification programs as well as comprehensive coaching and mentoring to supplement their development and growth. These platforms have helped drive continuous learning deeper into our company culture—in 2020, IBM invested $308 million in learning programs while IBMers logged an average 88 learning hours (increased from 77 in 2019) and earned 638,000 digital badges for completing courses
(35 percent more than in 2019). Cultivating leadership skills helps both our managers and the teams those managers lead, so IBM invests in their development as well. In 2020, IBM created a new series of offerings to help leaders manage through the pandemic. Virtual First Leadership covers topics such as making effective decisions, driving outcomes and fostering team resilience in a virtual work environment. We also held a "Leading Positively Through Change" workshop and presented a series of guest lectures on "Leading in
Challenging Times." We support our employees and the business in building and modernize the critical skills of our organization, continuously innovate, work in new ways and adapt a growth mindset. Our focus is on building and creating learning solutions which are delivered through a cognitive and cloud-based digital learning platform that brings a personalized, real-time and irresistible learning experience to the learner. We design for their needs and wants – and we measure the impact through NPS by using Watson Analytics to analyze the emotional sentiment and predict digital learning preferences. These practices enable IBMers to provide value to our customers and support our strategic imperatives of Cognitive, Cloud, and Agile. Our Digital Learning Strategy strives for every user's experience to be delightful and productive to create inspiring developmental experiences that energize and enable IBMers to unleash their talent and achieve their full potential, live the IBM values, and create unique client experiences. The cloud and cognitive based Digital Learning platform provides each IBMer with learning solutions for immediate performance needs, intermediate skills and capability enhancement and creates a life-long culture of learning.

Additional Comments

Please view page 33 of our 2020 Corporate Responsibility Report for more information on employee learning.

References:

2020 Corporate Responsibility Report	Page(s) 33

Deemed material? Yes

Percentage of Employees Receiving Regular Performance and Career Development Reviews GRI 404-3

Social / Training and Education / Percentage of Employees Receiving Regular Performance and Career Development Reviews GRI 404-3

Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.

Employee Category	Male 2020	Female 2020	Total 2020	Male 2019	Female 2019	Total 2019	Male 2018	Female 2018	Total 2018	Male 2017	Female 2017	Total 2017
Total workforce	98	98		95	95							

Additional Comments

In IBM we believe every employee is responsible for its own career. We provide employees and managers with enablement tools for them to have meaningful career conversations, addressing gaps, performance issues, potential career paths and next steps.
All IBM employees are assessed on their performance annually and employees and managers are fostered to discuss their next steps in their career with their upline leader. Career conversations are encouraged via targeted communication campaigns, to provide all employees with the chance to change jobs.
The annual engagement survey measures if employees had a meaningful career conversation, addressing gaps, needed skills and their levels to access new roles in their professional careers.

Diversity and Equal Opportunity

Management Approach: Diversity and Equal Opportunity GRI 103-1, 103-2, 103-3

Social / Diversity and Equal Opportunity / Management Approach: Diversity and Equal Opportunity GRI 103-1, 103-2, 103-3

Explanation of Diversity and Equal Opportunity as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.

Topic: GRI 405 Diversity and Equal Opportunity	
103-1: Explanation of the material topic and its Boundary	Please see Corporate Policy- Workforce Diversity
103-2: The management approach and its components	Please see Corporate Policy- Workforce Diversity
103-3: Evaluation of the management approach	Please see Corporate Policy- Workforce Diversity

Additional Comments

The employees of IBM represent a talented and diverse workforce. Achieving the full potential of this diversity is a business priority that is fundamental to our competitive success. A key element in our workforce diversity programs is IBM's long-standing commitment to equal opportunity and an inclusive workplace.
IBM has more than 100 years of work on diversity, inclusion and equality in the workplace. That legacy, and our continued commitment to advance equity in a global society, has made us leaders in diversity and inclusion. Guided by our values and beliefs, we're proud to foster an environment where every IBMer is able to thrive because of their differences, not in spite of them. IBM has taken and will continue to take a bold stand in favor of equal opportunity for all. It is the policy of this organization to continue to engage in activities such as hiring, promotion and compensation of employees, without regard to race, color, religion, sex, gender, gender identity or expression, sexual orientation, national origin, genetics, pregnancy, disability, age and other characteristics. IBM makes reasonable accommodations available where the Company believes they are appropriate to enable employees with disabilities and others to effectively perform their jobs.
In respecting and valuing the diversity among our employees and all those with whom we do business, managers and employees are expected to foster a work environment free of all forms of discrimination, harassment, bullying and retaliation.
This policy is based on sound business judgment and anchored in our IBM Values. Every manager in IBM is expected to abide by our policy, and all applicable laws on this subject, and to uphold IBM's commitment to workforce diversity and inclusion.

https://www.ibm.org/respo...

References:

IBM Corporate Responsibility Policies

Diversity of Governance Bodies and Employees GRI 405-1

Social / Diversity and Equal Opportunity / Diversity of Governance Bodies and Employees GRI 405-1

Composition of governance bodies and breakdown of employees per employee category according to gender, age group, and other indicators of diversity.

	Male			Female			Minority or Vulnerable Group			Age groups		
	Number	%		Number	%		Number	%		% <30 yrs old	% 30-50 yrs old	% >50 yrs old
Governance body (e.g., board) members	11	78.6		3	21.4		1	7.1			1	13
	Male			Female			Minority Groups			Age groups		
Employees by job category (per company breakout)	Global number	% in home country	Global %	Global number	% in home country	Global %	Global number	% in home country	Global %	% <30 yrs old	% 30-50 yrs old	% >50 yrs old
Total			66.1			33.9						
Managers			71			29		28				
Employee Average Age:												
Data publicly available: Yes												

Additional Comments

Board Composition as of 12/31/2020. Please refer to the workforce demographics on pages 80-81 of our D&I Report

References:

2020 IBM Diversity & Inclusion Report	Page(s) 80-81

Deemed material? Yes

Ratio of Basic Salary and Remuneration of Women to Men GRI 405-2

Social / Diversity and Equal Opportunity / Ratio of Basic Salary and Remuneration of Women to Men GRI 405-2

Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.

Employee Category / Location	2020 Ratio	2019 Ratio	2018 Ratio	2017 Ratio
Total Home Country:				
Total Worldwide:				
Organization breaks out gender pay gap:				
Definition of "significant location":				

Reason for Omission:
Confidentiality Constraints
Describe the specific confidentiality constraints.
IBM treats this information as proprietary and confidential

Additional Comments

IBM does not disclose the data being requested in this question.
However, business activities such as hiring, training, compensation, promotions, are conducted without discrimination.
For more details about IBM practices in terms of Employee Inclusion, please read our Responsibility Report at https://www.ibm.org/respo... (page #15 and on)37), our 2020 CRR at https://ibmorg-public.s3.... , and our Global Policyie on the matter:https://www.ibm.org/respo...

Deemed material? No

Non-Discrimination

Management Approach: Non-discrimination GRI 103-1, 103-2, 103-3

Social / Non-Discrimination / Management Approach: Non-discrimination GRI 103-1, 103-2, 103-3

Explanation of Non-discrimination as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.

Topic: GRI 406 Non-Discrimination	
103-1: Explanation of the material topic and its Boundary	**Non-discrimination and harassment** IBM will not discriminate in hiring, promotion, training, compensation of employees and employment practices on grounds of race, color, religion, age, nationality, social or ethnic origin, sexual orientation, gender, gender identity and expression, marital status, pregnancy, political affiliation, union membership, protected genetic information or disability, or covered veteran status. IBM will create a work environment free of discrimination or harassment based on the noted categories. Workers shall be provided with reasonable accommodation for religious practices. In addition, workers or potential workers should not be subjected to medical tests or physical exams that could be used in a discriminatory way.
103-2: The management approach and its components	Please see I IBM global employment standards: https://www.ibm.org/respo...
103-3: Evaluation of the management approach	Please see I IBM global employment standards: https://www.ibm.org/respo...

References:

Global Employment Standards

2020 Corporate Responsibility Report

Incidents of Discrimination and Corrective Actions Taken GRI 406-1

Social / Non-Discrimination / Incidents of Discrimination and Corrective Actions Taken GRI 406-1

Total number of incidents of discrimination and corrective actions taken.

	2020	2019	2018	2017		
Total number of incidents of discrimination						
Incidents (reporting year only)					Status of incident	Corrective actions taken
					☐ Reviewed ☐ Remediation plan being implemented ☐ Remediation plan implemented, results reviewed through routine internal management review process ☐ Incident no longer subject to attention	
					☐ Reviewed ☐ Remediation plan being implemented ☐ Remediation plan implemented, results reviewed through routine internal management review process ☐ Incident no longer subject to attention	
					☐ Reviewed ☐ Remediation plan being implemented ☐ Remediation plan implemented, results reviewed through routine internal management review process ☐ Incident no longer subject to attention	
					☐ Reviewed ☐ Remediation plan being implemented ☐ Remediation plan implemented, results reviewed through routine internal management review process ☐ Incident no longer subject to attention	
					☐ Reviewed ☐ Remediation plan being implemented ☐ Remediation plan implemented, results reviewed through routine internal management review process ☐ Incident no longer subject to attention	

Reason for Omission:
Not Applicable
Explain why the disclosure or the requirement is considered not applicable.
Data is considered proprietary / not available for public distribution

Additional Comments

IBM considers this information to be proprietary and therefore, does not publicly disclose it. However, IBM has a global non-discrimination policy which states that we will not discriminate in hiring, promotion, compensation of employees and employment practices on grounds of race, color, religion, age, nationality, social or ethnic origin, sexual orientation, gender, gender identity or expression, marital status, pregnancy, political affiliation or disability. IBM works to create a work environment free of discrimination or harassment based on race, color, religion, gender, gender identity or expression, sexual orientation, national origin, disability or age.

Deemed material? Yes

Freedom of Association and Collective Bargaining

Management Approach: Freedom of Association and Collective Bargaining GRI 103-1, 103-2, 103-3

Social / Freedom of Association and Collective Bargaining / Management Approach: Freedom of Association and Collective Bargaining GRI 103-1, 103-2, 103-3

Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.

None. In the "Young Workers" section of our Global Employment Standards, it is clearly stated that IBM will not use child labor.
The term “child” refers to any employed person under the age of 16, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. We support the use of legitimate workplace learning, internship, and other similar programs which comply with all laws and regulations applicable to such programs. Employees under the age of 18 (Young Workers) shall not perform work that is likely to jeopardize their health or safety including night shift and overtime. IBM shall ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students’ rights in accordance with applicable law and regulations, and will provide appropriate support and training to all student workers. In the absence of local law, the wage rate for student workers, interns, and apprentices shall be at least the same wage rate as other entry level workers performing equal or similar tasks. In the unlikely event an instance of child labor is discovered, the matter will be referred to the VP, Global Recruitment and the VP, Employee and Labor Relations for immediate corrective action.

IBM uses the Responsible Business Alliance' (RBA) Code of Conduct as the single code with our supply base. The RBA Code establishes for our suppliers the minimum social responsibility standards we expect from them as a condition of doing business with IBM. Our goal is to work with our suppliers – including by providing training, to foster full compliance as they, in turn, apply these standards to their extended sources of supply engaged in the production of goods and services for IBM. We consider these standards and adherence to them in our selection process and seek ongoing compliance by actively monitoring performance, including through supplier compliance audits. IBM reserves the right to take action with suppliers that do not comply with the RBA Code and may consider measures such as reducing or ending business in accordance with contract terms.

References:

Global Employment Standards

Deemed material? No

Forced or Compulsory Labor

Management Approach: Forced or Compulsory Labor GRI 103-1, 103-2, 103-3

Social / Forced or Compulsory Labor / Management Approach: Forced or Compulsory Labor GRI 103-1, 103-2, 103-3

Explanation of Forced or Compulsory Labor as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.

Topic: GRI 409 Forced or Compulsory Labor	
103-1: Explanation of the material topic and its Boundary	Freely Chosen Employment is the subject of one of our Global Employment Standards which state that forced, bonded (including debt bondage) or indentured labor; involuntary prison labor; slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring, or receiving vulnerable persons by means of threat, force, coercion, abduction or fraud for the purpose of exploitation. Employment is voluntary and employees shall be free to terminate their employment at any time. Employees will not be required to surrender any government-issued identification, passports, or work permits as a condition of employment. Excessive agency fees are unacceptable and all fees charged, if any, must be disclosed.one. According to our Global Employment Standards, forced, bonded (including debt bondage) or indentured labor; involuntary prison labor; slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring, or receiving vulnerable persons by means of threat, force, coercion, abduction or fraud for the purpose of exploitation. Employment is voluntary and employees shall be free to terminate their employment at any time. Employees will not be required to surrender any government-issued identification, passports, or work permits as a condition of employment. Excessive agency fees are unacceptable and all fees charged, if any, must be disclosed. IBM also collaborates with different NGOs seeking to detect, prevent and denounce human traffiking situations, by providing access to our AI and cloud computing capabilities. The Global Employment Standards are part of IBM's formal corporate policies which are issued by the IBM chief executive officer (or the senior officer she directs) and govern company wide actions within IBM and actions with all third parties. Our corporate policies reflect IBM’s values and the resulting management system within which our decisions are made. Their intent is to express clear direction on the things that are fundamental, basic, most important and therefore most enduring in our business. https://www.ibm.org/respo...
103-2: The management approach and its components	Freely Chosen Employment is the subject of one of our Global Employment Standards which state that forced, bonded (including debt bondage) or indentured labor; involuntary prison labor; slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring, or receiving vulnerable persons by means of threat, force, coercion, abduction or fraud for the purpose of exploitation. Employment is voluntary and employees shall be free to terminate their employment at any time. Employees will not be required to surrender any government-issued identification, passports, or work permits as a condition of employment. Excessive agency fees are unacceptable and all fees charged, if any, must be disclosed.one. According to our Global Employment Standards, forced, bonded (including debt bondage) or indentured labor; involuntary prison labor; slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring, or receiving vulnerable persons by means of threat, force, coercion, abduction or fraud for the purpose of exploitation. Employment is voluntary and employees shall be free to terminate their employment at any time. Employees will not be required to surrender any government-issued identification, passports, or work permits as a condition of employment. Excessive agency fees are unacceptable and all fees charged, if any, must be disclosed. IBM also collaborates with different NGOs seeking to detect, prevent and denounce human traffiking situations, by providing access to our AI and cloud computing capabilities. The Global Employment Standards are part of IBM's formal corporate policies which are issued by the IBM chief executive officer (or the senior officer she directs) and govern company wide actions within IBM and actions with all third parties. Our corporate policies reflect IBM’s values and the resulting management system within which our decisions are made. Their intent is to express clear direction on the things that are fundamental, basic, most important and therefore most enduring in our business. https://www.ibm.org/respo...
103-3: Evaluation of the management approach	Freely Chosen Employment is the subject of one of our Global Employment Standards which state that forced, bonded (including debt bondage) or indentured labor; involuntary prison labor; slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring, or receiving vulnerable persons by means of threat, force, coercion, abduction or fraud for the purpose of exploitation. Employment is voluntary and employees shall be free to terminate their employment at any time. Employees will not be required to surrender any government-issued identification, passports, or work permits as a condition of employment. Excessive agency fees are unacceptable and all fees charged, if any, must be disclosed.one. According to our Global Employment Standards, forced, bonded (including debt bondage) or indentured labor; involuntary prison labor; slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring, or receiving vulnerable persons by means of threat, force, coercion, abduction or fraud for the purpose of exploitation. Employment is voluntary and employees shall be free to terminate their employment at any time. Employees will not be required to surrender any government-issued identification, passports, or work permits as a condition of employment. Excessive agency fees are unacceptable and all fees charged, if any, must be disclosed. IBM also collaborates with different NGOs seeking to detect, prevent and denounce human traffiking situations, by providing access to our AI and cloud computing capabilities. The Global Employment Standards are part of IBM's formal corporate policies which are issued by the IBM chief executive officer (or the senior officer she directs) and govern company wide actions within IBM and actions with all third parties. Our corporate policies reflect IBM’s values and the resulting management system within which our decisions are made. Their intent is to express clear direction on the things that are fundamental, basic, most important and therefore most enduring in our business. https://www.ibm.org/respo...

Additional Comments

Freely Chosen Employment is the subject of one of our Global Employment Standards which state that forced, bonded (including debt bondage) or indentured labor; involuntary prison labor; slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring, or receiving vulnerable persons by means of threat, force, coercion, abduction or fraud for the purpose of exploitation. Employment is voluntary and employees shall be free to terminate their employment at any time. Employees will not be required to surrender any government-issued identification, passports, or work permits as a condition of employment. Excessive agency fees are unacceptable and all fees charged, if any, must be disclosed.one. According to our Global Employment Standards, forced, bonded (including debt bondage) or indentured labor; involuntary prison labor; slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring, or receiving vulnerable persons by means of threat, force, coercion, abduction or fraud for the purpose of exploitation. Employment is voluntary and employees shall be free to terminate their employment at any time. Employees will not be required to surrender any government-issued identification, passports, or work permits as a condition of employment. Excessive agency fees are unacceptable and all fees charged, if any, must be disclosed.

IBM also collaborates with different NGOs seeking to detect, prevent and denounce human traffiking situations, by providing access to our AI and cloud computing capabilities.

The Global Employment Standards are part of IBM's formal corporate policies which are issued by the IBM chief executive officer (or the senior officer she directs) and govern company wide actions within IBM and actions with all third parties. Our corporate policies reflect IBM's values and the resulting management system within which our decisions are made. Their intent is to express clear direction on the things that are fundamental, basic, most important and therefore most enduring in our business. https://www.ibm.org/respo...

References:

Global Employment Standards

Operations and Suppliers at Significant Risk for Incidents of Forced or Compulsory Labor GRI 409-1

Social / Forced or Compulsory Labor / Operations and Suppliers at Significant Risk for Incidents of Forced or Compulsory Labor GRI 409-1

Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor

None. According to our Global Employment Standards, forced, bonded (including debt bondage) or indentured labor; involuntary prison labor; slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring, or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities. As part of the hiring process, workers must be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment prior to the worker departing from his or her country of origin. Employment is voluntary and employees shall be free to terminate their employment at any time. Employers and agents may not hold or otherwise destroy, conceal, confiscate, or deny access by employees to employees' identity or immigration documents, such as government-issued identification, passports, or work permits, unless such holdings are required by law. Workers shall not be required to pay employers' or agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker.

IBM uses the Responsible Business Alliance's (formerly the Electronic Industry Citizenship Coalition -EICC-) Code of Conduct as the single code with our supply base. The RBA Code establishes for our suppliers the minimum social responsibility standards we expect from them as a condition of doing business with IBM. Our goal is to work with our suppliers – including by providing training, to foster full compliance as they, in turn, apply these standards to their extended sources of supply engaged in the production of goods and services for IBM. We consider these standards and adherence to them in our selection process and seek ongoing compliance by actively monitoring performance, including through supplier compliance audits. IBM reserves the right to take action with suppliers that do not comply with the RBA Code and may consider measures such as reducing or ending business in accordance with contract terms. Our Supply Chain Social Responsibility Program requires suppliers to demonstrate compliance to the RBA Code by providing recent audit report or agreeing to take responsibility to have an RBA Validated Audit

References:

Global Employment Standards

Deemed material? No

Security Practices

Management Approach: Security Practices GRI 103-1, 103-2, 103-3

Social / Security Practices / Management Approach: Security Practices GRI 103-1, 103-2, 103-3

Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data GRI 418-1

Social / Customer Privacy / Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data GRI 418-1

Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

○ Company has identified substantiated complaints of breaches of customer privacy ○ Company has not identified substantiated complaints of breaches of customer privacy				
	2020	2019	2018	2017
Total number of complaints concerning breaches of customer privacy received from outside parties and substantiated by the organization:				
Total number of complaints concerning breaches of customer privacy received from regulatory bodies:				
Total number of identified leaks, thefts, or losses of customer data:				
☐ Amount of substantiated complaints concerning customer privacy and loss of customer data is publicly disclosed.				

Additional Comments

Please see page 43 of the 2020 Corporate Responsibility Report

References:

2020 Corporate Responsibility Report	Page(s) 43

Socioeconomic Compliance

Management Approach: Socioeconomic Compliance GRI 103-1, 103-2, 103-3

Social / Socioeconomic Compliance / Management Approach: Socioeconomic Compliance GRI 103-1, 103-2, 103-3

Explanation of Socioeconomic Compliance as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.

Topic: GRI 419 Socioeconomic Compliance	
103-1: Explanation of the material topic and its Boundary	Responsibility for our economic, environmental and societal performance, as well as compliance with laws, regulations and the corporate policies that govern our operations and practices worldwide, begins with our CEO and includes the IBM Board of Directors and its committees that regularly review performance and compliance. A Corporate Responsibility Executive Steering Committee provides leadership and direction across our corporate responsibility activities. Chaired by the vice president of IBM Corporate Citizenship, the committee includes members from human resources, employee well-being, corporate governance, environmental affairs, research, investor relations, governmental programs and supply chain.
103-2: The management approach and its components	Please see our 2020 Corporate Responsibility report
103-3: Evaluation of the management approach	Please see our 2020 Corporate Responsibility report

References:

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Non-Compliance with Laws and Regulations in the Social and Economic Area GRI 419-1

Social / Socioeconomic Compliance / Non-Compliance with Laws and Regulations in the Social and Economic Area GRI 419-1