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General Disclosures

Organizational Profile

Name of the Organization GRI 102-1

General Disclosures / Organizational Profile / Name of the Organization GRI 102-1

Name of the organization.

International Business Machines Corporation

Activities, Brands, Products, and Services GRI 102-2

General Disclosures / Organizational Profile / Activities, Brands, Products, and Services GRI 102-2

Activities, brands, products, and services.

Primary brands, products, and services:
cloud & Cognitive Software
Global Business Services
Global Technology Services
Systems

Additional Comments

Our major operations consist of five business segments: Cloud & Cognitive Software, Global Business Services, Global Technology Services, Systems and Global Financing.
Our business model is built to provide long-term value to stakeholders. We bring together innovative technology, industry expertise and a commitment to trust and transparency to help enterprise clients move from one era to the next. We provide integrated solutions and platforms, leveraging global capabilities that include services, software, systems, related financings and fundamental research. The business model has been developed over time through strategic investments in capabilities and technologies that have long-term growth and profitability prospects based on the value they deliver to clients. The business model is dynamic, adapting to the continuously changing industry and economic environment, including our shift to cloud delivery models. We continue to strengthen our position through strategic organic investments and acquisitions in highervalue areas, broadening our industry expertise and integrating AI into more of what we offer. In addition, we are transforming into a more agile enterprise to drive innovation and speed, as well as helping to drive productivity, which supports investments for participation in markets with significant long-term opportunity. We also regularly evaluate our portfolio and investments, proactively bringing products to end of life, engaging in IP partnerships and executing divestitures to optimize our portfolio.

References:

2019 Annual Report Page(s) 31

Location of Headquarters GRI 102-3

General Disclosures / Organizational Profile / Location of Headquarters GRI 102-3

Location of the organization’s headquarters.

IBM's corporate offices are located in Armonk, New York, USA.

Location of Operations GRI 102-4

General Disclosures / Organizational Profile / Location of Operations GRI 102-4

Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the topics covered in the report.

Number of Countries:	175	The company operates in more than 175 countries worldwide. IBM's significant subsidiaries are listed in Exhibit 21 of our 2019 10-K report, reflecting many of the countries in which we operate.

References:

IBM 2019 10K

Ownership and Legal Form GRI 102-5

General Disclosures / Organizational Profile / Ownership and Legal Form GRI 102-5

Nature of ownership and legal form.

IBM is a public New York State Corporation.

Markets Served GRI 102-6

General Disclosures / Organizational Profile / Markets Served GRI 102-6

Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).

Markets Served	Geographic Breakdown	Sectors Served	Types of Customers and Beneficiaries
IBM has a globally integrated model across both emerging and more established markets.	IBM operates in more than 175 countries with a broad distribution of revenue. IBM continues to invest to capture opportunities in key growth markets around the world—India, China and Southeast Asia; Eastern Europe; the Middle East and Africa; and Latin America. Major IBM markets include the G7 countries of Canada, France, Germany, Italy, Japan, the United States (U.S.) and the United Kingdom (U.K.), as well as Austria, the Bahamas, Belgium, the Caribbean, Cyprus, Denmark, Finland, Greece, Iceland, Ireland, Israel, Malta, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland.	Our client base includes many worldwide enterprises, from small and medium businesses to the world's largest organizations and governments, with a significant portion of the company's revenue coming from global clients across many sectors.To bring higher value to clients, IBM is providing solutions that are specific and tailored to challenges clients face in their industry, using the power of IBM's advanced cognitive computing capabilities built on the IBM Cloud. In 2016, IBM deepened its commitment to delivering higher value in several key ways:• IBM continues to partner with financial services clients to build a robust infrastructure addressing increasingly complex and fast-changing demands. From preventing fraud to supporting cybersecurity efforts, IBM is becoming ever-more essential to the financial industry.• IBM offers analytics to help clients assess their risk and compliance against industry guidelines, and uses a cognitive approach to provide deeper and faster findings. In late 2016, the company acquired Promontory Financial Group, LLC (Promontory), one of the world's leading regulatory consulting firms. Promontory is training Watson to be a market-leading expert in the regulatory field, which will allow the company to deliver services at new levels of efficiency and transparency. • IBM is committed to blockchain to provide a highly secure method of facilitating multi-step transactions, reducing the number of disputes and points of friction, including its participation in the Hyperledger Project. This cross- industry consortium is working to build the blockchain network in the cloud, doing for trusted transaction.what the Internet did for information, and setting industry standards for years to come. Blockchain will enable financial institutions to settle securities in minutes instead of days; manufacturers to reduce product recalls by sharing production logs along their supply chain; and businesses of all types to more closely manage the flow of goods and payments. IBM is working with companies ranging from retailers, banks and shippers to apply this technology to transform their ecosystems through open standards and open platforms.• IBM's Global Business Services consulting business,with broad expertise across industries and a strong global footprint and scale, provides a unique combination of technologies and services to help clients achieve their business outcomes. The company's client base includes many worldwide enterprises, from small and medium businesses to the world's largest organizations and governments, with a significant portion of the company's revenue coming from global clients across many sectors. The company's major operations consist of five business segments: Cognitive Solutions, Global Business Services, Technology Services & Cloud Platforms, Systems and Global Financing.	we create value for clients by providing integrated solutions and products that leverage: data, information technology, deep expertise in industries and business processes, with trust and security and a broad ecosystem of partners and alliances. IBM solutions typically create value by enabling new capabilities for clients that transform their businesses and help them engage with their customers and employees in new ways. These solutions draw from an industry-leading portfolio of consulting and IT implementation services, cloud, digital and cognitive offerings, and enterprise systems and software which are all bolstered by one of the world's leading research organizations.

Additional Comments

Additional information may be found within the Annual Report and10K.

References:

2019 Annual Report

IBM 2019 10K

Scale of the Organization GRI 102-7

General Disclosures / Organizational Profile / Scale of the Organization GRI 102-7

Scale of reporting organization:

Total number of employees	
Total number of operations	5
Net sales (for private sector organizations) or net revenues (for public sector organizations): Currency:	77,147
Total capitalization	Debt: 62,899
	Equity: 20,985
Quantity of products or services provided	
Total assets	152,186
Beneficial ownership (including identity and percentage of ownership of largest shareholders)	Publicly listed company on New York Stock Exchange under ticker IBM
Data Publicly Available: Yes Link to disclosure:http://www.sec.gov/cgi-bi...	

Additional Comments

In $ millions
The company’s major operations consist of five business segments: Cognitive Solutions, Global Business Services, Technology Services & Cloud Platforms, Systems and Global Financing. Please refer to Employees and Related Workforce discussion on page 31 of the 2019 Annual Report. https://www.ibm.com/annua...

References:

2019 Annual Report

IBM 2019 10K

Information on Employees and Other Workers GRI 102-8

General Disclosures / Organizational Profile / Information on Employees and Other Workers GRI 102-8

Information on employees and other workers.

% of operations included in data: 100	2019	2018	2017	2016
Employees - male:				
Employees - female:				
Total: Employees				
Supervised workers - male:				
Supervised workers - female:				
Total: Supervised workers				
Total workforce:	350000	381100	397,800	414,400
Number of permanent employees by employment type				
Full-time - male:				
Full-time - female:				
Total: Full-time		360000	375,900	380,300
Part-time - male:				
Part-time - female:				
Total: Part-time		See below	See below	See below
Number of employees by employment contract				
Indefinite or permanent contract - male:				
Indefinite or permanent contract - female:				
Total: Indefinite or permanent contract		360000	375,900	380,300
Fixed-term or temporary contract - male:				
Fixed-term or temporary contract - female:				
Total: Fixed-term or temporary contract		See below	See below	See below
Breakout of workforce by region				
Location (Male): Overall	233500			
Location (Female): Overall	116500			
Details on whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors: See below /additional comments				
Significant variations in employment numbers See below/additional comments				
Data publicly available: Yes Link to disclosure:https://www.ibm.org/respo...				

We publicly disclose demographics by: Gender Race Ethnicity				

Additional Comments

The total workforce includes the full-time workforce as well as complementary workforce, which is an approximation of equivalent full-time employees hired under temporary, part-time, and limited-term employment arrangements to meet specific business needs in a flexible and cost-effective manner.

See pages 24 & 61 of the Annual Report: https://www.ibm.org/respo...

Supply Chain GRI 102-9

General Disclosures / Organizational Profile / Supply Chain GRI 102-9

Description of the organization's supply chain.

IBM Global Procurement is responsible to select and conduct business with external suppliers for goods, software, and services required to support its varied lines of business. Currently IBM has approximately 12,000 supplier locations in over 100 countries to support delivery of products and services to our global customers. In 2019, IBM procured $25.1 billion from its external suppliers: $20.8 billion with Services and General Procurement suppliers; $3.7 billion from Production Procurement (hardware) suppliers; and $0.6 billion from Logistics suppliers.

Additional Comments

See IBM's annual Corporate Responsibility Report for more information on IBM's supply chain.

References:

2019 IBM Corporate Responsibility Report

Significant Changes to the Organization and its Supply Chain GRI 102-10

General Disclosures / Organizational Profile / Significant Changes to the Organization and its Supply Chain GRI 102-10

Significant changes during the reporting period to the organization’s size, structure, ownership, or its supply chain.

Effective April 6, 2020, Arvind Krishna, our Senior Vice President for Cloud and Cognitive, will become the next Chief Executive Officer of IBM and a member of the Board. Jim Whitehurst, CEO of Red Hat, will become President of IBM.

References:

2019 Annual Report

Precautionary Principle or Approach GRI 102-11

General Disclosures / Organizational Profile / Precautionary Principle or Approach GRI 102-11

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

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:

- IBM Engineering Specification 46G3772: Baseline Environmenta... Page(s) 8-18
- IBM Environmental Information for Suppliers
- Materials Use at IBM
- IBM Environmental Reporting
- Global Procurement

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
U.S. EPA Green Power Partners - Site level (Costa Mesa, CA, Foster City, CA, and three SoftLayer, an IBM Company, cloud data centers in TX)	2014	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
European Union (EU) ENERGY STAR program	2013	Nonbinding/Voluntary
European Union Data Center Code of Conduct for Energy Efficiency Participant and Stakeholder	2013	Nonbinding/Voluntary
U.S. Water Partnership	2017	Nonbinding/Voluntary
SMARTer2030 Action Coalition	2016	Nonbinding/Voluntary
Renewable Energy Buyers Alliance (REBA)	2019	Nonbinding/Voluntary
Data publicly available: Yes Link to disclosure:www.ibm.com/procurement		

Additional Comments

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

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 2019 Corporate Responsibility Report, Overview Section/Chairman's Letter. https://www.ibm.org/responsibility/2019/letter

References:

2019 IBM 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 and 2019. 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:

2019 Annual 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:

- 2020 Proxy
- 2019 Annual Report
- 2019 IBM Corporate Responsibility Report
- IBM 2019 10K
- IBM Business Conduct Guidelines 2020

Governance

Governance Structure GRI 102-18

General Disclosures / Governance / Governance Structure GRI 102-18

Governance structure of the organization, including committees of the highest governance body and committees responsible for the decision-making on economic, environmental, and social topics.

Committee Function	Name of Committee	Formal Board Responsibility?	Number of Executive Directors	Number of Non-Executive Directors (NEDs)	Number of connected NEDs	Committee chairperson is independent
☑ Audit/Accounting	Audit Committee	☑	0	4	0	◉ Yes ○ No
☑ Remuneration/ Compensation	Executive Compensation and Management Resources Committee	☑	0	4	0	◉ Yes ○ No
☑ Nomination	Directors and Corporate Governance Committee	☑	0	3	0	◉ Yes ○ No
☑ Worldwide Labor Policies and Practices	Executive Compensation and Management Resources Committee	☐		4		
☑ Human Rights Issues	Directors and Corporate Governance Committee	☐		3		
☑ Diversity and Employment Equity	Executive Compensation and Management Resources Committee, Directors and Corporate Governance Committee	☐	0	4	0	
☑ Supply Chain Social Responsibility	Directors and Corporate Governance Committee	☐	0	3	0	
☑ Corp. Social Responsibility, Corp. Citizenship, Sustainable Development	Directors and Corporate Governance Committee	☑	0	3	0	
☑ Health and Safety	Executive Compensation and Management Resources Committee	☑	0	4	0	
☑ Environmental Issues	Directors and Corporate Governance Committee	☑	0	3	0	
☑ Risk Management	Audit Committee	☑	0	4	0	
☑ Ethics Issues	Audit Committee	☑	0	4	0	
☐ Political Involvement		☐				
☐ Customer Service and Quality		☐				
☑ Community and Public Relations	Directors and Corporate Governance Committee	☐	0	3	0	
☑ Charitable Giving	Directors and Corporate Governance Committee	☑	0	3	0	
Is the company's governance structure data publicly available? Yes Link to disclosure: https://www.ibm.com/annua...						

Additional Comments

Also see our Board Committee Charters at https://www.ibm.com/inves...

References:

2020 Proxy Page(s) 17-21

Delegating Authority GRI 102-19

General Disclosures / Governance / Delegating Authority GRI 102-19

Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.

Our senior management is ultimately responsible 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. This responsibility begins with our CEO and includes the IBM Board of Directors and its committees that regularly review performance and compliance.
A Corporate Responsibility Steering Committee, made up of executives from all relevant global functions across IBM, coordinates our corporate responsibility activities. Chaired by the vice president of Corporate Citizenship and Corporate Affairs, the Steering Committee includes members from human resources, employee well-being, corporate governance, environmental affairs, governmental programs, supply chain and corporate citizenship. Through all of our community efforts, as through our business pursuits, we seek to provide meaningful leadership in creating solutions, bringing them to scale and making them sustainable. We also believe that good corporate citizenship is good for business. For example, strong communities and strong schools go hand-in-hand with strong business enterprises, which are directly connected to jobs and economic growth. This is how our good corporate citizenship can produce real value for society and all of IBM's stakeholders.
"To build a smarter planet — and to run a smarter enterprise — it turns out that your business and citizenship strategies must be more than aligned. They must become one. This is a fairly novel way to look at business — and at corporate responsibility. It's very different from checkbook philanthropy or even traditional notions of 'giving back' or CSR. And speaking as an IBMer, I believe it comes from the core of our culture, values and purpose as an enterprise — to be essential to our clients and to the world," says Rometty.

Additional Comments

Corporate responsibility has been a hallmark of IBM's culture for over 100 years. We collaborate and engage with communities, clients, governments, shareholders, employees, and society on environmental, social and governance (ESG) issues and responsible stewardship. Our approach to corporate responsibility embodies IBM's values: (1) dedication to every client's success; (2) innovation that matters for our company and for the world; and (3) trust and personal responsibility in all relationships. At IBM, we believe that advanced technologies have the potential to solve some of the world's most enduring challenges – like fighting fraud in global financial markets, discovering lifesaving medicines, accelerating the acquisition of leading edge skills and safeguarding our food supply. Yet the full promise of this moment will only be realized if society trusts these technologies and the organizations that develop them. Trust and responsibility have been cornerstones of IBM's business since the beginning. These values permeate our culture, from the labs to the boardroom. They are core to every relationship – with our employees, our clients, our shareholders, and the communities in which we live and work. Critical to our approach is engaging around ESG issues most material to these stakeholders. To support this, the Business for Social Responsibility (BSR) – a non-profit sustainability consulting firm – conducted a non-financial materiality assessment for IBM in early 2019. The results of the assessment were used to inform our corporate responsibility strategy and enhance our stakeholder engagement and disclosure. 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 and development, investor relations, government and regulatory affairs and supply chain. Our Corporate Responsibility Working Group includes representatives from the same organizations, and both groups meet regularly and facilitate ongoing stakeholder engagement. IBM's dedication to economic, environmental and societal performance and leadership is an integral part of IBM's long-term performance strategy. The Board, in conjunction with the appropriate committees, has oversight responsibility for each of these areas. For example, the Directors and Corporate Governance Committee reviews the Company's position and practices on significant issues such as the protection of the environment and corporate citizenship efforts, including philanthropic contributions and engagement with the communities in which the Company operates.

References:

- 2020 Proxy
- 2018 Proxy Statement URL
- 2019 Proxy Statement URL Page(s) 24-25, 89
- 2020 Proxy statement

Executive-Level Responsiblity for Economic, Environmental, and Social Topics GRI 102-20

General Disclosures / Governance / Executive-Level Responsiblity for Economic, Environmental, and Social Topics GRI 102-20

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	Guillermo Miranda	Vice President & Global Head, Corporate Citizenship - CSR	3	2	Reports to Jonathan Adashek to Arvind Krishna
Health and Safety	Joanna Daly Dr. Lydia Campbell	Vice President, Compensation, Benefits, Corporate Health & Safety, and HRBD 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	3	2	Reports to Obed Louissaint to Nickle LaMoreaux who reports to Arvind Krishna
Community and Public Relations	Guillermo Miranda	Vice President & Global Head, Corporate Citizenship - CSR	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	Maria Paloma Valor Garcia	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 2020 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:

2020 Proxy

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

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

Composition of the highest governance body and its committees.

	Male	Female	Total Number	
Total board members with executive functions	1	1	1	
Total non-executive directors (excluding independent directors)	0	0	0	
Total independent non-executive directors on the board	10	2	12	
Total board	10	3	13	
	Total			
Membership of under-represented social groups	4			
Stakeholder Representation:	0			
Board member	Other commitments	Competences relating to economic, environmental and social impacts	Stakeholder representation	Tenure/term length
All	See bios in proxy statement: https://www.ibm.com/annua...	see biographies in proxy statement: https://www.ibm.com/annua...	No	
Diversity is a concept that is difficult to simply define or measure, especially in a questionnaire completed by companies located around the world. For this reason, explain any diversity, as your company defines it, among the directors on your Board or other governing authority. gender/ethnic diversity				
Board type (●) One-tier ( ) Two-tier				
Female Chief Executive Officer or Equivalent ( ) Yes (●) No				
Female Chairperson or Equivalent (●) Yes ( ) No				
Data publicly available: Yes Link to disclosure:https://www.ibm.com/annua...				

Additional Comments

Director Selection Process

The Directors and Corporate Governance Committee is responsible for leading the search for qualified individuals for election as directors to ensure the Board has the optimal mix of skills, expertise, and diversity of background. The Committee recommends candidates to the full Board for election.

The Board believes that the following core attributes are key to ensuring the continued vitality of the Board and excellence in the execution of its duties:

• experience as a leader of a business, firm or institution;
• mature and practical judgment;
• the ability to comprehend and analyze complex matters;
• effective interpersonal and communication skills; and
• strong character and integrity.

The Committee and the Board also focus on ensuring that the Board reflects a diversity of backgrounds (including gender and ethnicity), talents and perspectives.

The Committee and the Board identify candidates through a variety of means, including:

• information the Committee requests from the Secretary of IBM;
• recommendations from members of the Committee and the Board;
• suggestions from IBM management; and
• a third-party search firm, from time to time.

Any formal invitation to a director candidate is authorized by the full Board. The Committee also considers candidates recommended by stockholders. Stockholders wishing to recommend director candidates for consideration by the Committee may do so by writing to the Secretary of IBM, giving the recommended candidate's name, biographical data and qualifications.

References:

 2020 Proxy

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Chair of the Highest Governance Body GRI 102-23

General Disclosures / Governance / Chair of the Highest Governance Body GRI 102-23

Whether the chair of the highest governance body is also an executive officer in the organization.

- ○ Roles of Chairman and Chief Executive (or their equivalents) are separate.
- ◉ Role of CEO and Chairman is split and former CEO-Chairman is now Chairman.
- ○ Role of CEO and Chairman is split and chairman is non-executive but not independent.
- ○ Role of CEO and Chairman is split and former CEO-Chairman is now Chairman, and an independent lead director is appointed.
- ○ Role of Chairman and CEO is joint.
- ○ Role of Chairman and CEO is joint, and an independent lead director is appointed.

If an independent lead director is appointed (split or joint), please indicate name: Michael Eskew

The company has a presiding director in its Board of Directors:

Yes

- ○ Chairman is non-executive and independent
- ◉ Chairman is an executive director

If chairman is non-executive and independent, indicate when this approach was adopted:

Data Publicly Available:

Yes

Reason for Omission:

Not Applicable

Why considered not applicable:

Additional Comments

See page 21 of IBM's 2020 Proxy Statement Presiding Di

References:

2020 Proxy Page(s) 21

Nominating and Selecting the Highest Governance Body GRI 102-24

General Disclosures / Governance / Nominating and Selecting the Highest Governance Body GRI 102-24

Nomination and selection processes for the highest governance body and its committees and the criteria used for nominating and selecting highest governance body members.

Composition of the Board
IBM's Board of Directors is responsible for supervision of the overall affairs of IBM. Following the Annual Meeting in 2020, the Board will consist of 14 directors. In between annual meetings, the Board has the authority under the by-laws to increase or decrease the size of the Board and to fill vacancies.
Director Selection Process
The Directors and Corporate Governance Committee is responsible for leading the search for qualified individuals for election as directors to ensure the Board has the optimal mix of skills, expertise, and diversity of background. The Committee recommends candidates to the full Board for election.
The Board believes that the following core attributes are key to ensuring the continued vitality of the Board and excellence in the execution of its duties:
• experience as a leader of a business, firm or institution;
• mature and practical judgment;
• the ability to comprehend and analyze complex matters;
• effective interpersonal and communication skills; and
• strong character and integrity.
The Committee and the Board also focus on ensuring that the Board reflects a diversity of backgrounds (including gender and ethnicity), talents and perspectives.
The Committee and the Board identify candidates through a variety of means, including:
• information the Committee requests from the Secretary of IBM;
• recommendations from members of the Committee and the Board;
• suggestions from IBM management; and
• a third-party search firm, from time to time.
Any formal invitation to a director candidate is authorized by the full Board. The Committee also considers candidates recommended by stockholders. Stockholders wishing to recommend director candidates for consideration by the Committee may do so by writing to the Secretary of IBM, giving the recommended candidate's name, biographical data and qualifications.

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References:

2020 Proxy	Page(s) 7
2019 Proxy Statement URL	Page(s) 7

Conflicts of Interest GRI 102-25

General Disclosures / Governance / Conflicts of Interest GRI 102-25

Processes for the highest governance body to ensure conflicts of interest are avoided and managed.

IBM also has a code of ethics for directors, executive officers, and employees. The Business Conduct Guidelines are available on our website at https://www.ibm.com/inves.... Any amendment to, or waiver of, the Business Conduct Guidelines that applies to one of our directors or executive officers may be made only by the Board or a Board committee, and would be disclosed on IBM's website.

The Audit Committee is responsible for reviewing reports of IBM's financial results, audit results, internal controls, and adherence to IBM's Business Conduct Guidelines in compliance with applicable laws and regulations, including federal procurement requirements

References:

2020 Proxy Page(s) 18, 20, 46

Role of the Highest Governance Body in Setting Purpose, Values, and Strategy GRI 102-26

General Disclosures / Governance / Role of the Highest Governance Body in Setting Purpose, Values, and Strategy GRI 102-26

Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.

Corporate responsibility has been a hallmark of IBM's culture for over 100 years. We collaborate and engage with communities, clients, governments, shareholders, employees, and society on environmental, social and governance (ESG) issues and responsible stewardship. Our approach to corporate responsibility embodies IBM's values: (1) dedication to every client's success; (2) innovation that matters for our company and for the world; and (3) trust and personal responsibility in all relationships. At IBM, we believe that advanced technologies have the potential to solve some of the world's most enduring challenges – like fighting fraud in global financial markets, discovering lifesaving medicines, accelerating the acquisition of leading edge skills and safeguarding our food supply. Yet the full promise of this moment will only be realized if society trusts these technologies and the organizations that develop them. Trust and responsibility have been cornerstones of IBM's business since the beginning. These values permeate our culture, from the labs to the boardroom. They are core to every relationship – with our employees, our clients, our shareholders, and the communities in which we live and work. Critical to our approach is engaging around ESG issues most material to these stakeholders. To support this, the Business for Social Responsibility (BSR) – a non-profit sustainability consulting firm – conducted a non-financial materiality assessment for IBM in early 2019. The results of the assessment were used to inform our corporate responsibility strategy and enhance our stakeholder engagement and disclosure. 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 and development, investor relations, government and regulatory affairs and supply chain. Our Corporate Responsibility Working Group includes representatives from the same organizations, and both groups meet regularly and facilitate ongoing stakeholder engagement. IBM's dedication to economic, environmental and societal performance and leadership is an integral part of IBM's long-term performance strategy. The Board, in conjunction with the appropriate committees, has oversight responsibility for each of these areas. For example, the Directors and Corporate Governance Committee reviews the Company's position and practices on significant issues such as the protection of the environment and corporate citizenship efforts, including philanthropic contributions and engagement with the communities in which the Company operates.

Additional Comments

Under the guidance and supervision of the Board, IBM pursues the highest standards of corporate responsibility and sustainability, from how we support, protect and empower our employees, to how we work with our clients, to how we govern the Company and connect to our communities. The Directors and Corporate Governance Committee is devoted primarily to the continuing review and articulation of the governance structure of the Board. Concurrent with that responsibility, set out more fully in the Charter, the Directors and Corporate Governance Committee performs many other functions, including: reviewing and considering IBM's position and practices on significant issues of corporate public responsibility, such as workforce diversity, protection of the environment, and philanthropic contributions.

References:

2020 Proxy	Page(s) 25
2019 Proxy Statement URL	
2018 Corporate Responsibility Report	

Collective Knowledge of Highest Governance Body GRI 102-27

General Disclosures / Governance / Collective Knowledge of Highest Governance Body GRI 102-27

Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.

Corporate responsibility has been a hallmark of IBM's culture for over 100 years. We collaborate and engage with communities, clients, governments, shareholders, employees, and society on environmental, social and governance (ESG) issues and responsible stewardship. Our approach to corporate responsibility embodies IBM's values: (1) dedication to every client's success; (2) innovation that matters for our company and for the world; and (3) trust and personal responsibility in all relationships. At IBM, we believe that advanced technologies have the potential to solve some of the world's most enduring challenges – like fighting fraud in global financial markets, discovering lifesaving medicines, accelerating the acquisition of leading edge skills and safeguarding our food supply. Yet the full promise of this moment will only be realized if society trusts these technologies and the organizations that develop them. Trust and responsibility have been cornerstones of IBM's business since the beginning. These values permeate our culture, from the labs to the boardroom. They are core to every relationship – with our employees, our clients, our shareholders, and the communities in which we live and work. Critical to our approach is engaging around ESG issues most material to these stakeholders. To support this, the Business for Social Responsibility (BSR) – a non-profit sustainability consulting firm – conducted a non-financial materiality assessment for IBM in early 2019. The results of the assessment were used to inform our corporate responsibility strategy and enhance our stakeholder engagement and disclosure. 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 and development, investor relations, government and regulatory affairs and supply chain. Our Corporate Responsibility Working Group includes representatives from the same organizations, and both groups meet regularly and facilitate ongoing stakeholder engagement. IBM's dedication to economic, environmental and societal performance and leadership is an integral part of IBM's long-term performance strategy. The Board, in conjunction with the appropriate committees, has oversight responsibility for each of these areas. For example, the Directors and Corporate Governance Committee reviews the Company's position and practices on significant issues such as the protection of the environment and corporate citizenship efforts, including philanthropic contributions and engagement with the communities in which the Company operates.

IBM's Approach to Corporate Responsibility & Sustainability
Under the guidance and supervision of the Board, IBM pursues the highest standards of corporate responsibility by embedding IBM's core values in all of its corporate responsibility policies, practices, and programs. A comprehensive look at all of IBM's corporate responsibility policies, practices, and programs can be found at https://www.ibm.com/ibm/r....
IBM's dedication to economic, environmental, and societal performance and leadership is an integral part of IBM's long-term performance strategy. The Board, in conjunction with the appropriate committees, has oversight responsibility for each of these areas. For example, the Directors and Corporate Governance Committee reviews the Company's position and practices on significant issues such as the protection of the environment and Corporate Citizenship efforts, including philanthropic contributions and engagement with the communities in which the Company operates.

References:

2019 Proxy Statement URL Page(s) 24-25, 89

2020 Proxy statement Page(s) 25

Evaluating the Highest Governance Body's Performance GRI 102-28

General Disclosures / Governance / Evaluating the Highest Governance Body's Performance GRI 102-28

Processes for evaluating the highest governance body’s performance with respect to governance of economic, environmental, and social topics.

Board Evaluation Process
IBM’s Board utilizes a comprehensive, multi-part process for its ongoing self-evaluation to ensure that the Board is operating effectively and that its processes reflect best practices. From time to time, this process includes a third-party review of the Board’s process and evaluation criteria. Each year, IBM’s Directors and Corporate Governance Committee oversees the evaluation process to ensure that the full Board and each committee conduct an assessment of their performance and solicit feedback for enhancement and improvementI
Each committee also performs a self-evaluation in executive session on an annual basis.
• The Audit Committee’s evaluation, for example, includes individual, one-on-one interviews between IBM’s internal General Auditor and each member of the Committee.
2
The Chairman and CEO holds individual, one-on-one interviews with each IBM director to obtain his or her candid assessment of director performance, Board dynamics and the effectiveness of the Board and its committees.
3
The Chairman shares insights from each of these meetings with the Lead Director, the Chair of the Directors and Corporate Governance Committee, and the full Board.
4

The Board meets in executive session to discuss the results of the evaluation and any other issues that directors may want to raise.
Self-evaluation items requiring follow-up and execution are monitored on an ongoing basis by the Board, each of the committees, and by IBM management. While this formal self-evaluation is conducted on an annual basis, directors share perspectives, feedback, and suggestions continuously throughout the year.
6
The Board conducts an annual self-evaluation to review the effectiveness of the Board and its committees, led by the Chair of the Directors and Corporate Governance Committee. In this comprehensive review, the self-evaluation focuses on:
• The composition and performance of the Board, including the size, mix of skills and experience and director refreshment practices;
• The quality and scope of the materials distributed in advance of meetings;
• The Board’s access to Company executives and operations;
• The promotion of rigorous decision making by the Board and the committees;
• The effectiveness of the Board and committee evaluation processes; and
• The overall functioning of the Board and its committees.

References:

2020 Proxy	Page(s) 22
2019 Proxy Statement URL	Page(s) 21

Identifying and Managing Economic, Environmental, and Social Impacts GRI 102-29

General Disclosures / Governance / Identifying and Managing Economic, Environmental, and Social Impacts GRI 102-29

Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes.

IBM Board of Directors
The Board has overall responsibility for ESG oversight, while its committees' responsibilities include specific ESG-related oversight, such as:
Executive Compensation and Management Resources Committee
• Human capital management
• Diversity and inclusion
Audit Committee
• Cybersecurity
• Ethics and compliance
Directors and Corporate Governance Committee
• Protection of environment
• Corporate social responsibility and social impact contributions

Under the guidance and supervision of the Board of Directors, IBM senior management is responsible for the company's environmental and social performance. Two key groups help to ensure corporate responsibility is integrated across the business:
• The Corporate Responsibility Executive Steering Committee provides leadership and direction on key corporate responsibility issues. Chaired by the Vice President for IBM Corporate Social Responsibility, the committee meets monthly and includes senior executives from functional areas across IBM, each responsible for developing its own corporate responsibility goals and strategy. Organization-wide goals are approved by this committee.
• The Corporate Responsibility Working Group manages IBM's corporate responsibility activities and stakeholder engagement. It includes representatives from functional areas across IBM and meets at least monthly to review key policy and strategic issues, and make recommendations to the Corporate Responsibility Executive Steering Committee. IBM's Corporate Social Responsibility function, which reports to the chief communications officer, coordinates day-to-day CSR-related activities.

Additional Comments

IBM's Approach to Corporate Responsibility & Sustainability
Under the guidance and supervision of the Board, IBM pursues the highest standards of corporate responsibility by embedding IBM's core values in all of its corporate responsibility policies, practices, and programs. A comprehensive look at all of IBM's corporate responsibility policies, practices, and programs can be found at https://www.ibm.com/ibm/r....
IBM's dedication to economic, environmental, and societal performance and leadership is an integral part of IBM's long-term performance strategy. The Board, in conjunction with the appropriate committees, has oversight responsibility for each of these areas. For example, the Directors and Corporate Governance Committee reviews the Company's position and practices on significant issues such as the protection of the environment and Corporate Citizenship efforts, including philanthropic contributions and engagement with the communities in which the Company operates.

References:

2018 Proxy Statement URL	Page(s) 17, 83
IBM Environmental Reports	
2019 Proxy Statement URL	Page(s) 24-25, 89
2018 Corporate Responsibility Report	Page(s) 26-31
2019 IBM Corporate Responsibility Report	Page(s) 56
IBM and Environment Report 2019	

Effectiveness of Risk Management Process GRI 102-30

General Disclosures / Governance / Effectiveness of Risk Management Process GRI 102-30

Highest governance body’s role in reviewing the effectiveness of the organization’s risk management processes for economic, environmental and social topics.

See pages 24-25 of our 2020 Proxy Statement.

Strategy Oversight

The Board actively oversees IBM’s long-term business strategy and is actively engaged in ensuring that IBM’s culture reflects its longstanding commitment to integrity, compliance, and inclusion. The Board is continuously engaged with management on these topics. For example, each year, the Board: session, including presentations from many senior executives across the Company Routinely engages with senior management on critical business matters that tie to IBM’s overall strategy Periodically travels to key IBM facilities to obtain a first-hand look at the Company’s operations Regularly meets with the next generation of leadership to ensure the pipeline remains diverse and inclusive Risk Oversight In recent years, much attention has been given to the subject of risk and how companies assess and manage risk across the enterprise. At IBM, we believe that innovation and leadership are impossible without taking risks. We also recognize that imprudent acceptance of risk or the failure to appropriately identify and mitigate risk could be destructive to stockholder value. In addition, an overall review of risk is inherent in the Board’s consideration of IBM’s long-term strategies and in the transactions and other matters presented to the Board, including capital expenditures, acquisitions and divestitures, and financial matters. The Board’s role in risk oversight of IBM is consistent with IBM’s leadership structure, with the CEO and other members of senior management having responsibility for assessing and managing IBM’s risk exposure, and the Board and its committees providing oversight in connection with those efforts. The Board is responsible for overseeing management in the execution of its responsibilities and for assessing IBM’s approach to risk management. The Board exercises these responsibilities regularly as part of its meetings and also through the Board’s three committees, each of which examines various components of enterprise risk as part of their responsibilities. The full Board regularly reviews IBM’s enterprise risk management framework and processes. The Audit Committee continuously reviews financial and audit risks identified through IBM’s enterprise management framework. The Executive Compensation and Management Resources Committee is responsible for assessing risks relating to IBM’s compensation programs and employee engagement as an indicator of Company culture, as well as diversity and inclusion and IBM’s evolving demands for talent. The Directors and Corporate Governance Committee oversees risks associated with government and industry regulations, as well as corporate social responsibility, sustainability, environmental, and other societal and governance matters. IBM’s senior management is responsible for assessing and managing IBM’s various exposures to risk on a day-to-day basis, including the creation of appropriate risk management programs and policies. IBM has developed a consistent, systemic and integrated approach to risk management, including the enterprise risk management framework, to help determine how best to identify, manage, and mitigate significant risks throughout IBM. Management regularly reports to the Board and the committees on a variety of risks.

Cybersecurity

Cybersecurity is a critical part of risk management at IBM. To more effectively address cybersecurity threats, IBM leverages a multi-layered approach. IBM has a dedicated Chief Information Security Officer (CISO) whose team is responsible for leading enterprise-wide information security strategy, policy, standards, architecture, and processes. The CISO is part of IBM’s Enterprise & Technology Security (ETS) organization, which works across all of the organizations within the Company to protect IBM, its brand, and its clients against cybersecurity risks. Both the Board and the Audit Committee each receive regular updates from senior management, including the CISO and ETS leadership and cybersecurity experts in areas such as threat intelligence, major cyber risk areas, emerging global policies and regulations, cybersecurity technologies and best practices, and cybersecurity incidents.

Environmental and Climate Change Risk

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. In addition, they manage these risks and provide regular updates to the Board and to the Directors and Corporate Governance Committee. Furthermore, IBM has established internal objectives and targets for energy conservation, procurement of renewable energy, carbon dioxide (CO_2) 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. Details on IBM’s performance against key environmental performance indicators can be found in our annual IBM and the Environment Report. For the past 29 consecutive years, IBM has voluntarily published its IBM and the Environment Report providing detailed information on our environmental programs and performance. IBM’s uninterrupted annual publication of this report since 1990 is unsurpassed across our industry. The most recent IBM and the Environment Report is available at https://www.ibm.com/ibm/e....

References:

2020 Proxy	Page(s) 24-25
2018 Proxy Statement URL	Page(s) 21
2019 Proxy Statement URL	Page(s) 23-24

Review Of Economic, Environmental, and Social Topics GRI 102-31

General Disclosures / Governance / Review Of Economic, Environmental, and Social Topics GRI 102-31

Frequency of the highest governance body’s review of economic, environmental and social impacts, risks, and opportunities.

The Directors and Corporate Governance Committee is responsible for reviewing and considering IBM’s position and practices on significant public policy issues, such as protection of the environment, corporate social responsibility, sustainability, and philanthropic
contributions.

References:

2020 Proxy	Page(s) 18
2018 Proxy Statement URL	Page(s) 17
2019 Proxy Statement URL	Page(s) 17

Highest Governance Body’s Role in Sustainability Reporting GRI 102-32

General Disclosures / Governance / Highest Governance Body’s Role in Sustainability Reporting GRI 102-32

Highest committee or position that formally reviews and approves the organization’s sustainability report and ensures that all material topics are covered.

IBM’s dedication to economic, environmental and societal performance and leadership is an integral part of the company’s long-term performance strategy. The Board, in conjunction with the appropriate committees, has oversight responsibility for each of these areas.

Additional Comments

Please see About this Report on page 56 of our 2019 corporate responsibility report. https://www.ibm.org/respo...

References:

2019 IBM Corporate Responsibility Report

Communicating Critical Concerns GRI 102-33

General Disclosures / Governance / Communicating Critical Concerns GRI 102-33

Process for communicating critical concerns to the highest governance body.

The process by which stockholders and other interested parties may communicate with the Board or non-management directors of
IBM is available at http://www.ibm.com/invest....

References:

2020 Proxy	Page(s) 20
2018 Proxy Statement URL	Page(s) 16-18; 21
2019 Proxy Statement URL	Page(s) 19

Nature and Total Number of Critical Concerns GRI 102-34

General Disclosures / Governance / Nature and Total Number of Critical Concerns GRI 102-34

Total number and nature of critical concerns that were communicated to the highest governance body and mechanism(s) used to address and resolve critical concerns.

Communicated Concern	Mechanism(s) Used to Address Concern

Additional Comments

Please see page 5 of IBM's 2020 Proxy Statement

References:

2020 Proxy Page(s) 5

Remuneration Policies GRI 102-35

General Disclosures / Governance / Remuneration Policies GRI 102-35

Remuneration policies for the highest governance body and senior executives by type of remuneration.

REMUNERATION TYPE	DETAILS
Fixed pay and variable pay:	
☐ Performance-based pay ☐ Equity-based pay ☐ Bonuses ☐ Deferred or vested shares	
☐ Sign-on bonuses or recruitment incentive payments	
☐ Termination payments	
☐ Clawbacks	
☐ Retirement benefits	
How performance criteria in the remuneration policy relate to the CEO and senior executives' economic, environmental and social objectives:	

Reason for Omission:

Confidentiality constraints

Specific confidentiality constraints:

Additional Comments

This specific information is not disclosed, please refer to the 2020 Proxy Statement for executive compensation information.

References:

2020 Proxy

Process for Determining Remuneration GRI 102-36

General Disclosures / Governance / Process for Determining Remuneration GRI 102-36

Process for determining remuneration.

2019 compensation discussion and analysis and the report from the Executive Compensation and Management Resources Committee of the Board of Directors can be found in 2020 Proxy Statement

References:

2020 Proxy Page(s) 31-70

Stakeholders’ Involvement in Remuneration GRI 102-37

General Disclosures / Governance / Stakeholders’ Involvement in Remuneration GRI 102-37

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 2020 Proxy Statement to see the specific outcomes of our stockholder engagement.

Additional Comments

see page 5 of the 2020 Proxy Statement for supporting detail.

References:

2020 Proxy 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
Specific confidentiality constraints:

Additional Comments

This specific information is not disclosed, please refer to the Pay Ratio discussion on page 55 of the 2020 Proxy Statement for executive compensation information.

References:

2020 Proxy

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
Specific confidentiality constraints:

Additional Comments

This specific information is not disclosed, please refer to the Pay Ratio discussion on page 55 of the 2020 Proxy Statement for executive compensation information.

References:

2020 Proxy Page(s) 55

2019 Proxy Statement URL

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 page 7 of our 2019 Corporate Responsibility Report

References:

2019 IBM Corporate Responsibility Report Page(s) 7

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

	2019	2018	2017	2016
Percentage of total employees covered by collective bargaining agreements:				

Reason for Omission:
Not Applicable
Why 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. The results provided 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:

2019 IBM Corporate Responsibility Report Page(s) 6

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 ogoing 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:

2019 IBM 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 2019 Corporate Responsibility Report and 2020 Proxy Statement where we discuss our stakeholder engagement.

References:

2020 Proxy

2019 IBM 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:

2018 IBM 10-K

Defining Report Content and Topic Boundaries GRI 102-46

General Disclosures / Reporting Practice / Defining Report Content and Topic Boundaries GRI 102-46

Details on report content and topic boundaries.

In selecting content for inclusion in this 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. The results provided guidance for this report and will be used to inform our ongoing corporate responsibility strategy.

References:

2019 IBM Corporate Responsibility Report

List of Material Topics GRI 102-47

General Disclosures / Reporting Practice / List of Material Topics GRI 102-47

A list of the material topics identified in the process for defining report content.

Material topics
Economic topics
Indirect Economic Impacts
Procurement Practices
Anti-corruption
Environmental topics
Materials
Energy
Water
Biodiversity
Emissions
Effluents and Waste
Environmental Compliance
Supplier Environmental Assessment
Social topics
Employment
Labor/Management Relations
Occupational Health and Safety
Training and Education
Diversity and Equal Opportunity
Non-discrimination
Freedom of Association and Collective Bargaining
Child Labor
Forced or Compulsory Labor
Local Communities
Supplier Social Assessment
Public Policy
Customer Privacy

Additional Comments

See IBM's Approach to Corporate Responsibility in the 2019 Corporate Responsibility Report.

References:

2019 IBM Corporate Responsibility Report

Restatements of Information GRI 102-48

General Disclosures / Reporting Practice / Restatements of Information GRI 102-48

Explanation of the effect of any restatements of information provided in previous reports, and the reasons for such restatements.

recastN/A

Additional Comments

Changes in Reporting GRI 102-49

General Disclosures / Reporting Practice / Changes in Reporting GRI 102-49

Significant changes from previous reporting periods in the list of material topics and topic Boundaries.

There are no significant changes to scope, boundary or measurement methods

Reporting Period GRI 102-50

General Disclosures / Reporting Practice / Reporting Period GRI 102-50

Reporting period for information provided.

Start Date:	January 1, 2019
End Date:	December 31, 2019
We are providing emissions data for past reporting years:	Yes

Date of Most Recent Report GRI 102-51

General Disclosures / Reporting Practice / Date of Most Recent Report GRI 102-51

Date of most recent previous report.

IBM produced a report utilizing the GRI for the first time in 2007, releasing a full GRI index at the 'A' reporting level to SRI firms and posting on IBM's external Corporate Responsibility website: https://www.ibm.org/respo.... The most recent report was submitted in 2020, for the 2019 reporting period.

IBM’s annual Corporate Responsibility Report is published during the second quarter of the subsequent calendar year. This report covers our performance in 2019 and some notable activities during the first half of 2020. In selecting the content for inclusion in our 2019 report, we were inspired by frameworks such as the Global Reporting Initiative (GRI) Standards and the United Nations Sustainable Development Goals. IBM’s GRI report using the GRI Standards guidelines can be found on our IBM.org portal. In 2019, Business for Social Responsibility (BSR) — a nonprofit consultancy dedicated to sustainability — conducted a nonfinancial materiality assessment for IBM. The results of the assessment provided guidance for the report and will be used to inform our Corporate Responsibility strategy.

References:

2019 IBM Corporate Responsibility Report

Reporting Cycle GRI 102-52

General Disclosures / Reporting Practice / Reporting Cycle GRI 102-52

Reporting cycle (such as annual, biennial).

IBM reports according to the GRI annually, completed in the second quarter of each calendar year (April-June) for the prior full calendar/fiscal year.

Contact Point for Questions Regarding the Report GRI 102-53

General Disclosures / Reporting Practice / Contact Point for Questions Regarding the Report GRI 102-53

Contact point for questions regarding the report or its contents.

Name:	Abigail Beach
Title:	IBM Corporate Responsibility Manager
Mailing Address:	600 14TH ST NW HAMILTON SQUARE FLOORS 2 & 3 WASHINGTON, DC 20005-2012
Phone:	202-551-9609
Email:	Abigail.Beach@ibm.com

Claims of Reporting in Accordance with the GRI Standards GRI 102-54

General Disclosures / Reporting Practice / Claims of Reporting in Accordance with the GRI Standards GRI 102-54

The claim made by the organization, if it has prepared a report in accordance with the GRI Standards.

Claim made by the organization, if it has prepared a report in accordance with the GRI Standards:

Core option

GRI Content Index GRI 102-55

General Disclosures / Reporting Practice / GRI Content Index GRI 102-55

The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report.

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

This 2020 GRI report, based on the GRI Standards guidelines, supplements the IBM 2019 Corporate Responsibility Report.

External Assurance GRI 102-56

General Disclosures / Reporting Practice / External Assurance GRI 102-56

A description of the organization’s policy and current practice with regard to seeking external assurance for the report.

Organization's policy and current practice with regard to seeking external assurance for the report:

IBM does not employ an external agency or organization to audit its GRI or annual Corporate Responsibility report. In 2019 an internal consulting review was performed on the 2018 Corporate Responsibility.

IBM's environmental programs are audited by Bureau Veritas Certification (BVC), the independent auditor, in conjunction with IBM's single global certifications to the ISO 14001 Environmental Management System Standard and the ISO 50001 Energy Management System Standard. These audits include audits of performance data on a sampling basis.

Details on the external assurance of the report:

References:

- IBM's ISO 14001 & ISO 50001 Registrations
- IBM Auditing and Verification

Management Approach

Management Approach

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 Emissions Effluents and Waste Environmental Compliance Supplier Environmental Assessment	**MATERIALS** 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/environment/products/packaging **ENERGY** Our corporate environmental affairs policy, with respect to energy, identifies the following objective: "Ensure the responsible use of energy throughout our business, including conserving energy, improving energy efficiency, and giving preference to renewable over nonrenewable energy sources when feasible." IBM's corporate environmental affairs policy calls for environmental affairs leadership in all of the company's business activities. This leadership is implemented through the WW EMS that integrates corporate directives that govern IBM's conduct and operations worldwide. IBM manages Energy and its impacts through IBM's Worldwide Energy Management Program (WW EnMP) requirements as an integral component of IBM's Global EMS. IBM has a five part strategy for energy conservation and to reduce GHG emissions related to our operations. 1. Designing, building, updating and operating facilities, including data centers and product development and manufacturing operations, that optimize their use of energy and materials and minimize GHG emissions. 2. Purchasing electricity generated from renewable sources where it makes both business and environmental sense. 3. Requiring our suppliers to maintain an environmental management system that includes inventories of energy use and GHG emissions, reduction plans and public reporting of results. 4. Managing business travel. 5. Increasing the efficiency of IBM's logistics operations In addition, IBM's strategy includes designing energy-efficient products and providing services and solutions that help our clients reduce their own energy use and climate impactWe consider energy and material conservation to be the cornerstone of our climate protection efforts. IBM does not use emissions offsets to become "carbon neutral" for our operations. Our efforts to reduce IBM's GHG emissions are focused on delivering results by devoting available resources to actions, products and solutions that actually increase energy efficiency and reduce GHG emissions for both IBM and our clients, rather than merely offsetting them. **WATER** Through IBM's global environmental management system, IBM continues to improve water-use efficiency and to minimize our operational impact on water resources. IBM's corporate-wide environmental affairs policy calls for the conserve natural resources, which includes water resource. The environmental	**Boundary for 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 for energy, emissions** IBM considers its ability to address climate change to be bounded by its efforts to reduce the GHG emissions associated with its global operations, our supply chain, and our products, solutions and services which facilitate or enable our clients to achieve operational efficiency and reduced global GHG emissions. Our global EMS drives internal operational excellence, & informs &/or influences our business strategy, products & services with regards to environmental issues with a focus on energy use, efficiency & GHG emissions reductions. IBM has enterprise wide IT systems that collect and analyse data on energy use, GHG emissions, water use, waste generation & other key performance indicators (KPIs) to enable performance assessment. We use the data to enhance our corporate objectives, continually improve the programs and operations of ourselves and our clients, identify & use innovative new technologies such as monitoring & analytics based applications to minimize energy use. We have identified regulatory, operational & financial risks through our regulation management process. These risks occur from changing energy & infrastructure costs resulting from external policies & requirements to mitigate CO_2 emissions. They represent the main risks with regards to our operations & the solutions we provide to clients. IBM is promoting the use of analytics & cognitive systems and solutions offered on a cloud platform to address climate change challenges for ourselves and our clients. This has been the major IBM initiative over the past several years; to provide new opportunities to ourselves & our customers to mine & analyse their data to gain new insights into how to address the challenges facing their business, including those associated with climate change. Our leadership in analytics, cognitive capabilities & cloud services give us a competitive advantage. This is both a tactical & strategic imperative. For IBM's operations, both our short term & long term goals continue to focus on energy conservation and shifting to greater use of renewable electricity to achieve emissions reductions, particularly for our data center operations. **Boundary for water conservation** IBM established its first water conservation goal in the year 2000, focusing on water use in our microelectronics manufacturing operations. With the divestiture of IBM's semiconductor manufacturing operations in July 2015, we substantially reduced our direct water use. IBM's current water use is primarily associated with cooling at our large facilities and data centers, and for irrigation and domestic purposes. Following the microelectronics divestiture, IBM	

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.

IBM global EMS identifies corporate-wide significant environmental aspects of the enterprise's activities, products and suitable action plans are executed to ameliorate the environmental impacts on the environment. Both water use and conservation and water discharges are considered significant to IBM's global operations.

EMISSIONS

Greenhouse Gas (GHG) Emissions: Greenhouse Gas Emissions associated with IBM's energy consumption and operations is considered a Material Aspect due to its potential impacts to air and climate. IBM addresses CO2 emissions through its Management Approach to the Energy Aspect. There are minor GHG emissions such as PFCs, HFCs and Heat Transfer Fluid emissions are addressed through the Management Approach of the Air Emissions Aspect, but quantities will be significantly reduced in 2016 with the divestiture of the semiconductor manufacturing operations on July 1, 2015.
Why GHG Emissions is a Material Aspect: IBM's Global Environmental Management System (EMS) establishes the process for identifying environmental aspects associated with IBM's activities and services and those aspects that are considered significant environmental aspects. In the context of One Report, a material aspect is analogous to a significant environmental aspect under IBM's Global EMS. The basic process is described below. At the corporate level the Corporate EMS Program Manager(s) initiates and participates, with one or more internal experts, in the process of identifying environmental aspects for activities and services within the defined scope of IBM's WW EMS that it can control and those it can influence, taking into account planned or new developments, or new or modified activities, and services. For activities, this team identifies the following, as appropriate: a. inputs and outputs for routine operations and services b. potential for accidents and emergency situations and their effect on the environment. The team of internal experts identifies significant environmental impacts is based on the consensus of the best judgment of the experts involved in this process. The determination considers the environmental impact of the aspect, legal and/or regulatory requirements, and other requirements to which the location subscribes related to its environmental aspects; IBM environmental requirements; and IBM's commitment to being a responsible neighbor. (See additional information on Environmental Disclosure on Material Aspects in question ID 3085, G4 DMA Env.) Through implementation of the above process, Air Emissions (Includes other GHG Emissions) are considered a corporate level significant environmental aspect and is a Material Aspect due to the following impacts potential for impacts to air and potential for impacts to climate.

WASTE (Hazardous and non-hazardous)

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's total hazardous waste generation in 2016 decreased by 36 percent from 2015, to 1,360 metric tons. This reduction was primarily associated with the divestiture of IBM's semiconductor manufacturing operations in 2015. If hazardous waste from those operations was removed, IBM would have seen a 14 percent reduction of hazardous waste generation in 2016.
For the hazardous waste that is generated, we focus on preventing pollution through a comprehensive, proactive waste management program. Of the total 1,360 metric tons of hazardous waste IBM generated worldwide in 2016, 65 percent (by weight) was recycled, 18 percent was sent directly by IBM to suitably regulated landfills, 14 percent was sent for incineration, and 3 percent was sent off-site for treatment.

Nonhazardous waste

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 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 customers at the end of a lease. The second expansion was made to include nonhazardous waste generated by IBM at leased locations meeting designated criteria.
Our voluntary environmental goal is to recycle at least an average of 75 percent (by weight) of the nonhazardous waste generated at locations managed by IBM.

reassessed the environmental impacts of our water use. We did this by using the World Business Council for Sustainable Development's Global Water Tool, which highlights regions around the globe where water resources are stressed to meet human and ecological demand for fresh water. We identified 45 data centers and other large IBM locations in regions worldwide which were considered highly or extremely highly water-stressed. IBM established a new goal in 2016 to achieve ongoing year-to-year reductions in water withdrawals at these IBM locations.

Boundary for waste

IBM requires its hazardous waste and product end-of-life management suppliers to track the shipment and processing of any hazardous materials they handle for IBM -- down to the final treatment, recycling or disposal location -- and to report that information to us.
As with all of our environmental programs, IBM manages its hazardous waste and product end-of-life management programs to the same high standards worldwide. Doing so can be particularly challenging in some countries where processing infrastructure (treatment, recycling and/or disposal) that meets IBM's requirements is lacking or not existent. Under IBM's waste management program, hazardous and nonhazardous special wastes are treated, recycled or disposed at IBM-approved facilities within the country where they are generated, whenever possible. IBM does not export hazardous and nonhazardous special wastes from the United States or any other country where suitable processing facilities are available within the country. If there are no suppliers in a country that meet IBM's environmental and safety requirements for hazardous waste or product processing, the waste generated by IBM's operations is shipped to facilities in other countries where those requirements can be met. This shipping is done in compliance with country laws and regulations, and in accord with international treaties such as the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal.

Boundary for effluents, discharges

IBM's corporate programs establish treatment requirements applicable to IBM locations where they discharge directly to receiving waters, where it is not feasible to discharge to an offsite private or publicly owned waste water treatment plant. All industrial and sanitary waste water treatment plants located on IBM property and/or operated by IBM and processing industrial or sanitary waste water must adhere to these IBM corporate requirements.

Boundary for compliance

In alignment with IBM WW EMS, Top Management is assigned responsibility through the VP of Corporate Environmental Affairs and Product Safety. Corporate Environmental Affairs executes the management system with implementation and compliance the responsibility of business operational organizations worldwide.

Boundary for supplier environmental assessment

IBM is committed to doing business with environmentally responsible suppliers. We require that **ALL** of our "first-tier" suppliers (those with which we hold a direct commercial relationship) establish and sustain a management system to address their corporate and environmental responsibilities — including their use of energy and Scope 1 and Scope 2 GHG emissions — and to cascade IBM's requirements to their suppliers who perform work that is material to the goods or services being supplied to IBM. Our suppliers are also required to measure their performance, establish voluntary goals in these areas and publicly disclose their performance against those goals. We manage this requirement through two processes: IBM's own supplier environmental management system requirements, and our membership in the Responsible Business Alliance (RBA) – formerly the Electronic Industry Citizenship Coalition.

EFFLUENTS

Wastewater discharge management program
IBM tracks and manages water discharges to maintain compliance with the requirements in site specific regulatory discharge permits and/or IBM's own reporting requirements. IBM's corporate program establishes treatment requirements applicable to IBM locations where they discharge directly to receiving waters, where it is not feasible to discharge to an offsite private or publicly owned waste water treatment plant. All industrial and sanitary waste water treatment plants located on IBM property and/or operated by IBM and processing industrial or sanitary waste water must adhere to these IBM corporate requirements. In addition to routine monitoring discussed above, IBM locations report any significant unplanned releases to water to regulatory agency as required. IBM locations also must report unplanned releases meeting IBM's own incident reporting criteria to management, as well as in a corporate database once addressed and resolved. These incidents are publicly disclosed in the annual IBM and the Environment report under "Audits and Compliance", "Accidental Releases" section at: **https://www.ibm.com/ibm/e...**

COMPLIANCE

IBM reviews its environmental performance against both external and internal requirements, and takes prompt and decisive action when any issues are identified.
Every year, IBM's manufacturing, hardware development and chemical-using research locations and organizations — such as product groups, Real Estate Strategy and Operations, Global Services, Global Logistics, Global Asset Recovery Services, and Global Procurement — complete a comprehensive environmental self-assessment. IBM's Corporate Internal Audit organization may also conduct environmental audits of these functions. Audit and self-assessment results are communicated to top management. Accountability, follow-up actions and their closure are clearly delineated.
In addition, independent audits are conducted by an external third party as part of IBM's single, global registration to the ISO 14001 and 50001 standards. Approximately 20 IBM locations and relevant business organizations (known as registered entities) are audited annually against the ISO 14001 environmental management systems standard by an external ISO 14001 registrar. Registered entities are audited on a 12- to 30-month cycle.
Five to eight registered entities, representing 10 to 30 percent of IBM's global annual energy consumption, are also audited annually to the ISO 50001 energy management systems standard. These audits include management and tracking of consumption data, identification of significant energy uses, and demonstrating progress against the IBM energy conservation goal.
The results of the ISO 14001 and 50001 audits are used as inputs for a separate, third-party validation audit of IBM's corporate greenhouse gas emissions management and reporting process. The results of the latest greenhouse gas verification audit can be found on our auditing and verification webpage.
Accidental releases
Accidental releases IBM locations around the world report environmental incidents and accidental releases to IBM management through the company's Environmental Incident Reporting System (EIRS). IBM's environmental incident reporting criteria are equal to or more stringent than applicable legal reporting requirements, and every event meeting IBM's reporting criteria must be reported through the EIRS. Each IBM location must have a documented incident prevention program and reporting procedure. In 2018, six accidental releases of substances to the environment related to IBM operations were reported through the EIRS — four releases to air, one releases to land and one release to water. The five releases to air were all refrigerants used in cooling systems. The four releases to air were all refrigerants used in cooling systems. The release to land was diesel fuel. The release to water was a water and propylene glycol mixture. The root causes were investigated for all releases and corrective actions were taken as appropriate. None of the releases was of a duration or concentration to cause long-term environmental impact.
Fines and penalties
One significant measure of a company's proactive approach to pollution prevention and environmental performance is its record of fines and penalties. In 2018, IBM received 58 agency inspections at its locations worldwide with no resulting fines or penalties. Over the past five years, IBM has paid four fines totaling $7,125.
Fines and penalties worldwide ($ in thousands)

	Number	Penalty (K $'s)
2014	4	$7.1
2015	0	0
2016	0	0
2017	0	0
2018	0	0

SUPPLIER ENVIRONMENTAL ASSESSMENTS

IBM is committed to doing business with environmentally responsible suppliers. In 2010, IBM established a requirement that suppliers with whom IBM has a commercial relationship with are required to establish a management system to address their social and environmental responsibilities. Our objective in establishing this requirement was to help our suppliers build their own capability to succeed in this area. Specifically, suppliers are required to do the following:
- Define, deploy, and sustain a management system that addresses corporate responsibility, including supplier conduct and environmental protection
- Measure performance and establish voluntary, quantifiable environmental goals
- Publicly disclose results associated with these voluntary environmental goals and other environmental aspects of their management systems
- Cascade this set of requirements to their supplier's suppliers who perform work

	that is material to the products, parts and/or services being supplied to IBM. The requirements referenced above are in addition to the company's previous requirements. In 2004, IBM published its Supplier Conduct Principles to articulate the company's overall supply chain social and environmental requirements. Effective March 2013, IBM is using the Responsible Business Alliance (RBA) Code of Conduct, previously known as Electronic Industry Citizenship Coalition (EICC) Code of Conduct as the single code with our supply base. The RBA Code of Conduct supersedes the IBM Supplier Conduct Principles and establishes the minimum social responsibility standards we expect from suppliers as a condition of doing business with IBM. As part of its own global environmental management system, IBM conducts environmental evaluations of a relevant subset of its suppliers, including all of its hazardous waste services suppliers, certain production-related suppliers and all of the company's product recycling and disposal suppliers. To address concerns about recycling in the extended supply chain, the company also evaluates certain subcontractors its suppliers may use to handle recycling or disposal operations. While IBM continues to advance its own supply chain programs, the company strongly believes in the value of industry collaboration. As a founding member of the Responsible Business Alliance (RBA) , IBM helped develop and launch the RBA Code of Conduct.		
Social topics Employment Labor/Management Relations Occupational Health and Safety Training and Education Diversity and Equal Opportunity Non-discrimination Freedom of Association and Collective Bargaining Child Labor Forced or Compulsory Labor Local Communities Customer Privacy	In early 2019, Business for Social Responsibility (BSR) — a nonprofit consultancy dedicated to sustainability — conducted a nonfinancial materiality assessment for IBM. The results of the assessment provided guidance for the report and will be used to inform our Corporate Responsibility strategy.	Our policies and commitments to these topics our outlined on https://www.ibm.org/respo... and https://www.ibm.org/respo...	

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 Environmental Reports

The Management Approach and its Components GRI 103-2

Management Approach / Management Approach / The Management Approach and its Components GRI 103-2

The management approach and its components.

Material topics	An explanation of how the organization manages the topics	A statement of the purpose of the management approach	A description of the components included in the management approach
Economic topics Procurement Practices Anti-corruption Anti-competitive Behavior	https://www.ibm.org/respo...		
Environmental topics	https://www.ibm.com/ibm/e...		
Social topics Employment Labor/Management Relations Occupational Health and Safety Training and Education Diversity and Equal Opportunity Non-discrimination Freedom of Association and Collective Bargaining Child Labor Forced or Compulsory Labor Local Communities Public Policy Customer Privacy	https://www.ibm.org/respo...		

References:

CDP Climate Change / CDP Water / CDP Supply Chain Scope 3 GH...	
CDP Disclosure	
IBM Environmental Reporting	Page(s) 4, 14
IBM's ISO 14001 & ISO 50001 Registrations	Page(s) ISO 50001 certification
IBM Auditing and Verification	Page(s) Attached 2017 GHG Verification Statement
2019 IBM Corporate Responsibility Report	

Evaluation of the Management Approach GRI 103-3

Management Approach / Management Approach / Evaluation of the Management Approach GRI 103-3

Evaluation of the management approach.

Material topics	An explanation of how the organization evaluates the management approach for the selected material topics
Economic topics	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.
Environmental topics Energy Water Emissions Effluents and Waste Environmental Compliance Supplier Environmental Assessment	IBM executes integrated corporate and business unit (BU) risk management processes to comprehensively assess risks including those related to**climate change , water supply risks, emissions, effluents, waste, compliance, and supplier environmental assessments.**The assessments include potential physical, operational, & reputational impacts as well as trends & opportunities in the marketplace. We also follow the process for identifying significant environmental aspects as part of our global Environmental Management System (EMS) to assess the company's business intersections with the environment. Among the significant aspects we have identified are energy use, GHG emissions & water withdrawal in water scarce locations. Based on the assessment, Corporate Environmental Affairs staff sets or updates corporate requirements, objectives & targets, with input from BUs responsible for execution. The BUs are responsible for developing & executing plans to reduce energy use & GHG emissions, & mitigate potential environmental impacts or 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 Climate Change / CDP Water / CDP Supply Chain Scope 3 GH...
- CDP Disclosure
- IBM's ISO 14001 & ISO 50001 Registrations
- IBM Auditing and Verification
- IBM Annual Environment 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:

2019 Annual Report

2019 IBM 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:

2019 Annual Report

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 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 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.

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 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.
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 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.

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 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.
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 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.

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 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.
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 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.

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 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.

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 good 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 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.

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.			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.

				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.	
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.

Risk	Other: Transformational Requirements	As society addresses its energy requirements and the environmental implications of energy use, including the environmental impact of GHG emissions, it is likely that transformational innovations will be needed. It will be important for companies to identify, anticipate, and be prepared to capture key transformational opportunities.	Loss of Competitiveness and Relevancy in this space.	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.ns and minimize financial impacts while capturing opportunities to generate 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.
Opportunity	Other: Reputation	Increasingly, clients want to do business with environmentally responsible companies, and this objective generally includes seeking suppliers that are addressing climate change in their operations and providing energy efficient products, services and solutions. Similarly, employees want to work for a company that is a leader in environmental protection. IBM's sustained commitment to environmental leadership and record of achievements enable the company to attract top talent, and lend credence to its energy, climate and environmental offerings. Our own operational results demonstrate IBM as an environmental leader, enable the company to meet client expectations in this area and will continue to serve as a differentiator for IBM.	Increasing demand for existing products and services.	An inability to capture these opportunities would result in lost talent, business opportunities and revenue.	IBM implements ongoing and effective business processes to identify, analyze, 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 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.

Opportunity	Other: Increasing Humanitarian Demands	IBM has developed analytics capabilities that can assist with prioritizing and targeting aid in response to natural disasters.	Increased opportunity to sell advanced analytic and cognitive solutions.	An inability to capture these opportunities would result in lost talent, business opportunities and revenue.	IBM implements ongoing and effective business processes to identify, analyze, 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 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.
Opportunity	Other: Changing Consumer Behavior	IBM continues to expand its services and solutions and extend its deep process optimization, cognitive and analytics capabilities on a cloud platform. These platforms and capabilities are deployed as services and IT based products and solutions to drive optimized processes and systems in a variety of industries and public sectors.	Increased demand for existing products/services	An inability to capture these opportunities would result in lost talent, business opportunities and revenue.	IBM implements ongoing and effective business processes to identify, analyze, 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 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.
Data publicly available. Link to disclosure: http://www.ibm.com/ibm/en...						

References:

IBM Environmental Reports

CDP Disclosure

Deemed material? Yes

Defined Benefit Plan Obligations and Other Retirement Plans GRI 201-3

Economic / Economic Performance / Defined Benefit Plan Obligations and Other Retirement Plans GRI 201-3

Defined benefit plan obligations and other retirement plans.

Retirement plans offered to employees are based on:	
Separate fund exists to pay the plan's pension liabilities	
Estimated value of liabilities	
Fund set up to pay the plan’s pension liabilities is:	
Percentage of salary contributed by employee or employer	
Type and level of participation in retirement plans	

Additional Comments

page 43: https://www.ibm.com/annua...

References:

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Financial Assistance Received From Government GRI 201-4

Economic / Economic Performance / Financial Assistance Received From Government GRI 201-4

Total monetary value of financial assistance received by the organization from any government during the reporting period.

Currency:	2019	2018	2017	2016
Tax relief/credits (Country)				
Total tax relief/credits:				
Subsidies (Country)				
Total subsidies:				
Investment grants, research and development grants, and other relevant types of grants (Country)				
Total investment grants, research and development grants, and other relevant types of grants:				
Awards (Country)				
Total awards:				
Royalty holidays (Country)				
Total royalty holidays:				
Financial assistance from Export Credit Agencies (ECAs) (Country):				
Total financial assistance from Export Credit Agencies (ECAs):				
Financial incentives (Country)				
Total financial incentives:				
Other financial benefits received from any government for any operation (Country)				
Total other financial benefits received or receivable from any government for any operation:				
Government is present in the shareholding structure:				

Additional Comments

Please refer to 2019 Annual Report

References:

2019 Annual Report

Market Presence

Management Approach: Market Presence GRI 103-1, 103-2, 103-3

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

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:

2019 Annual Report

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

Ratio of standard entry level wage by gender compared to local minimum wage.

Significant location of operations used for the ratio of employee entry level wage to local minimum wages: IBM does not disclose its entry-level wages. Our entry level salaries are based on reviews of wages amongst others companies in each market, within the IT industry. In all locations, we comply with applicable minimum wage legislation and offer competitive salaries. IBM will, at a minimum, comply with all applicable wage and hour laws and regulations, including those relating to minimum wages, overtime hours, piece rates, non exempt or exemption classification and other elements of compensation, and provide legally mandated benefits										
Ratio of employee entry level wages to the minimum wage at significant locations of operations			2019		2018		2017		2016	
Significant location of operations	Local minimum wage	Gender or Total Workforce	Minimum wage used	Ratio of entry level wage to minimum wage	Minimum wage used	Ratio of entry level wage to minimum wage	Minimum wage used	Ratio of entry level wage to minimum wage	Minimum wage used	Ratio of entry level wage to minimum wage
Ratio of other workers entry level wages to minimum wage at significant locations of operations:										

Reason for Omission:
Confidentiality constraints
Specific confidentiality constraints:

Additional Comments

IBM does not disclose its entry level wages. Our entry level salaries are based on reviews of wages among other companies in each market, within the IT industry. In all locations, we comply with applicable minimum wage legislation and offer competitive salaries. In line with our Global Employment Standards, IBM will not discriminate in, amongst others, compensation of employees and employment practices on grounds of, amongst others, gender, gender identity and expression.

Deemed material? No

Proportion Of Senior Management Hired From The Local Community GRI 202-2

Economic / Market Presence / Proportion Of Senior Management Hired From The Local Community GRI 202-2

Percentage of senior management at significant locations of operation that are hired from the local community.

	2019	2018	2017	2016
Percentage of senior management at significant locations of operation that are hired from the local community:		90	90	90
Definition of 'senior management': Country general manager and his/her direct reports				
Geographical definition of ‘local’: local is leadership either born in the country -or which has lived there long enough to have citizenship				
Definition used for ‘significant locations of operation': significant locations are those countries with the most significant populations at year end 2019				

Deemed material? No

Indirect Economic Impacts

Management Approach: Indirect Economic Impacts GRI 103-1, 103-2, 103-3

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

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

Topic: GRI 203 Indirect Economic Impacts	
103-1: Explanation of the material topic and its Boundary	Indirect economic investments are made each fiscal year to support many different stakeholders. In 2019, IBM's corporate contributions were $728.9M
103-2: The management approach and its components	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.
103-3: Evaluation of the management approach	Contributions are tracked with impact metrics and are reviewed to ensure goals are attained.

References:

2019 IBM Corporate Responsibility Report

Infrastructure Investments And Services Supported GRI 203-1

Economic / Indirect Economic Impacts / Infrastructure Investments And Services Supported GRI 203-1

Extent of development of significant infrastructure investments and services supported.

Name of investment/service	Extent of development of significant infrastructure investments and services supported:	Current or expected (positive and negative) impacts on communities and local economies:	Investments and Services Type
	IBM engages commercially in more than 175 countries. IBM's total global corporate CSR contributions in 2019 were $728.9M ; Full details including a breakdown of contributions by issue and geography are provided on page 62 of the 2019 Corporate Responsibility Report.		

References:

2019 IBM Corporate Responsibility Report

Significant Indirect Economic Impacts GRI 203-2

Economic / Indirect Economic Impacts / Significant Indirect Economic Impacts GRI 203-2

Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts.

Examples of indirect economic impacts, both positive and negative:	IBM is uniquely positioned to create positive impact including contributing towards the achievement of the 17 United Nations Sustainable Development Goals (SDGs) through the proactive management of the company's internal operations and supply chain, corporate social responsibility programs, diversity and inclusion practices, and most importantly, the IBM products, solutions, and services that IBM offers to clients. We outline our impact in report: https://files.ibm.org/res... We report on our impact on IBM.org
Significance of the impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agenda:	Please refer to to https://www.ibm.com/blogs...

References:

IBM and the UN Sustainable Development Goals

Deemed material? Yes

Procurement Practices

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

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

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

Topic: GRI 204 Procurement Practices	
103-1: Explanation of the material topic and its Boundary	In 2019 , IBM procured $25.1 billion of goods and services from external companies. IBM Global Procurement's mission is to achieve the lowest overall cost for goods and services being procured for IBM's internal and external fulfillment of goods and services; to ensure these goods and services meet required quality standards and/or customer expectations; and to deliver correct quantities of goods or services at the right global location at the time specified. All activities are governed by IBM Procurement's policies, practices, and business controls.
103-2: The management approach and its components	IBM regards its Global Procurement structure, management, and deployment as a proprietary competitive advantage in the marketplace and thus does not provide detailed public descriptions. Private conversations can be arranged through appropriate channels.
103-3: Evaluation of the management approach	IBM regards its Global Procurement structure, management, and deployment as a proprietary competitive advantage in the marketplace and thus does not provide detailed public descriptions. Private conversations can be arranged through appropriate channels.

Additional Comments

More details on our complete portfolio of Procurement initiatives are found on the IBM Global Procurement website: https://www.ibm.com/procu...

References:

- RBA Code of Conduct V6.0
- IBM Supplier Diversity
- IBM Environmental Management system requirements for supplie...
- RBA Validated Assessment Process (VAP)
- 2019 IBM Corporate Responsibility Report

Proportion Of Spending On Local Suppliers GRI 204-1

Economic / Procurement Practices / Proportion Of Spending On Local Suppliers GRI 204-1

Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation.

	2019	2018	2017	2016
Percentage of the procurement budget used for significant locations of operation spent on suppliers local to that operation (such as percentage of products and services purchased locally):				
Geographic definition of "local": IBM procures goods and services from suppliers located in over 100 countries. We have sourcing strategies that incorporate a combination of global - regional - local suppliers in order to meet the needs of our customers in the most effective manner. As such, we do not have a particular preference for local suppliers but look at our entire business needs in order to optimize supplier selection.				
Definition used for 'significant locations of operation': IBM has operations globally to support the needs of our customers, as such procurement covers all geographic locations engaged in fulfillment of client needs.				

Reason for Omission:

Not Applicable

Why considered not applicable:

As noted, IBM has a global supplier base attenuated to the needs of its product and services offerings. Included in this is a well-recognized supplier diversity component. IBM does not set target for local supplier sourcing, however, many of our needs are fulfilled on a local / regional level depending on optimized sourcing based on IBM and customer needs.

References:

2019 IBM Corporate Responsibility Report

Deemed material? No

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.

	2019	2018	2017	2016
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:

2019 IBM Corporate Responsibility Report

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.

			2019		2018		2017		2016	
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 2019. 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. In 2019, IBM’s Trust and Compliance officers, lawyers and management provided in-person compliance and ethics training to nearly 33,000 IBMers around the world on topics including public procurement, business amenities, anti-corruption, ethics, and fraud prevention.Anti-bribery is a component of IBM’s annual Business Conduct Guidelines program in which every IBM employee participates IBM’s trust and compliance officers, lawyers, and management provided in-person compliance and ethics training, including anti-corruption, to more than 26,500 IBM employees around the world in 2018

References:

2019 IBM Corporate Responsibility Report

IBM Business Conduct Guidelines 2020

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

	2019	2018	2017	2016
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

Page 63 : https://www.ibm.org/respo...
Please refer to our SEC filings for additional details

References:

IBM SEC filings

2019 IBM 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 2019 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 2019 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 2019 Business Conduct Guidelines

Additional Comments

References:

- 2019 IBM Corporate Responsibility Report
- IBM Business Conduct Guidelines 2020

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

	2019	2018	2017	2016
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 2019 Annual Report.

References:

2019 Annual 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

Tax strategy, oversight, compliance, and the link to sustainable development

Tax Strategy
Tax strategy, oversight, compliance, and the link to sustainable development Yes IBM Tax Governance Policy
Formal reviewer/approver
Frequency of Review
Approach to regulatory compliance See IBM Tax Governance Policy : https://www.ibm.com/inves...
How tax approach is linked to the business and sustainable development strategies See IBM Tax Governance Policy : https://www.ibm.com/inves...

References:

IBM Tax Governance Policy

Tax Governance, Control, and Risk Management GRI 207-2

Economic / Tax / Tax Governance, Control, and Risk Management GRI 207-2

Tax Governance, Control, and Risk Management

Tax governance, control, and risk management
Governance body or executive-level position accountable for compliance with the tax strategy
How approach to tax is embedded within the organization
Approach to tax risks
How compliance with the tax governance and control framework is evaluated
Mechanisms for reporting concerns about unethical/unlawful behavior and the organization's integrity in relation to tax
Assurance process for disclosures on tax, and if applicable, a reference to the assurance report, statement, or opinion.

Additional Comments

See IBM Tax Governance Policy : https://www.ibm.com/inves... and 2020 IBM Business Conduct Guidelines : https://www.ibm.com/inves...

References:

IBM Tax Governance Policy

IBM Business Conduct Guidelines 2020

Stakeholder Engagement and Management of Concerns Related to Tax GRI 207-3

Economic / Tax / Stakeholder Engagement and Management of Concerns Related to Tax GRI 207-3

Stakeholder engagement and management of concerns related to tax

Stakeholder Engagement and Management of Concerns
Approach to engagement with tax authorities
Approach to public policy advocacy on tax
The processes for collecting and considering the views and concerns of stakeholders, including external stakeholders

Additional Comments

See IBM Tax Governance Policy : https://www.ibm.com/inves...

References:

IBM Tax Governance Policy

Country-by-Country Reporting GRI 207-4

Economic / Tax / Country-by-Country Reporting GRI 207-4

Tax reporting for each tax jurisdiction

Country-by-Country Reporting												
Jurisdiction	Names of resident entities	Primary activities	Number of employees	Basis of calculation	Revenue from third-party sales	Revenues from intra-group transactions with other tax jurisdictions	Profit/loss before tax	Tangible assets other than cash and cash equivalents	Corporate income tax paid on a cash basis	Corporate income tax accrued on profit/loss	Reasons for difference between income tax accrued on profit/loss and tax due if statutory tax rate is applied	Time period covered
												Start Date End Date
Country-by-Country Additional Reporting												
Jurisdiction	Total employee remuneration	Taxes withheld and paid on behalf of employees	Taxes collected from customers	Industry related and other taxes or payments to governments	Significant uncertain tax positions	Balance of intra-company debt held by entities in the jurisdiction	Basis of calculation of interest paid on the debt					

Reason for Omission:
Confidentiality constraints
Specific confidentiality constraints:
See IBM 2019 Annual Report page 97

References:

2019 Annual Report Page(s) 97

Environmental

Materials

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

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

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

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

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.

	2019	2018	2017	2016
% recycled input materials used:				
Data Publicly Available:				

Reason for Omission:
Not Applicable
Why considered not applicable:
IBM Logo Products: IBM no longer has a corporate goal for recycled materials in plastics procured for our products. Some plastic and much of the metal included in IBM logo products comes from recycled sources. We have no recycled materials goals or targets to increase recycled content in our products.

IBM Product Packaging: IBM directly procure paper and paper/wood-based packaging materials warranted by our suppliers as being sourced from sustainably managed forests. An estimated 2% of the total spend on office cut sheet paper has 50% or greater post consumer recycled content. 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 have up to 50% recycled materials.

Additional Comments

IBM no longer has a formal corporate environmental goal for direct procurement of plastic with recycled material that is tracked in the company's Environmental Performance Data Base. We still procure plastics, metals, paper and paper/wood-based packaging materials with recycled content for our products although this material is not quantified.

References:

IBM Annual Environment Report Page(s) 49

Deemed material? No

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 2019	% of reclaimed products and their packaging materials in 2018	% of reclaimed products and their packaging materials in 2017	% of reclaimed products and their packaging materials in 2016	How data was collected
IT products, parts and components.	148	135	130	150	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 is divided by the total annual estimated weight of new IT equipment sold worldwide during the same period to obtain the percentage of products sold that are recovered. 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 for a calendar year. The program handles IBM and non-IBM branded IT equipment. Product packaging that is recovered is also processed through the PELM operations but not reported in the metric. The total weight of annual product sales for IT equipment is estimated for the same calendar year. Sales data was collected from internally audited financial sources while product EOL data is reported on a quarterly basis into the IBM Environmental Performance Database (EPD) by PELM operations worldwide.

Additional Comments

The above data do not include product packaging. This IBM metric covers IT products only.

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.

All detailed information are reported in our annual report :
http://www.ibm.com/ibm/en...

In 2019, the total weight of end-of-life products and product waste processed by these operations was approximately 20,800 metric tons .

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 2018), and a goal to reduce CO2 emissions associated with IBM's energy consumption 40% by 2025 against the 2005 baseline (New goal established in 2018). 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 1,700 energy conservation projects at nearly 230 locations in 2019. These projects delivered annual energy savings of 136,000 MWh of energy, equal to 3.2% of our total energy use during 2019 and surpassing the corporate goal of 3%. These projects avoided the emission of 47,000 metric tons of CO_2 and saved $14.4 million in energy 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 ISO 14001 & ISO 50001 Registrations
- IBM's Worldwide Environmental Management System

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	2019	2018	2017	2016
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)	67,583	48,541	32,339	41,577
Distillate fuel oil #6	Megawatt hours (MWh)	3,067	24,197	41,877	40,988
Natural gas	Megawatt hours (MWh)	321,583	330,269	331,546	358,321
Diesel	Megawatt hours (MWh)	15,168	14,225	18,304	18,272
Liquefied petroleum gas (LPG)	Megawatt hours (MWh)	757	748	697	719
Kerosene	Megawatt hours (MWh)	39,664	39,784	45,127	43,632
Motor gasoline	Megawatt hours (MWh)	67,196	82,079	70,993	64,574
Total consumption from non-renewable fuel sources:	Megawatt hours (MWh)	515018	539843	540883	568083
Energy consumed					
Electricity	Megawatt hours (MWh)	3,805,945	3,106,861	3,404,842	3,637,715
Heating	Megawatt hours (MWh)	40,708	48,023	54,128	54,180
Cooling	Megawatt hours (MWh)	198,436	188,797	191,686	204,517
Steam	Megawatt hours (MWh)	1,280	1,143	983	1,018
Total energy consumption	Megawatt hours (MWh)	4046369	3344824	3651639	3897430
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	948,380	772,000	854,000	783,000
*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: Pocket Ref, 4th Edition, Thomas J. Glover, The Climate Registry Reporting Protocol, March 2013.					
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, 47.0% of the electricity used by IBM during 2019 came from renewable sources: 24.9% from direct contracted renewable energy purchases and 22.1% from grid-supplied renewables automatically provided by the energy mix in the areas where we operate.

References:

IBM Auditing and Verification

IBM Environmental Reporting

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	2019	2018	2017	2016
Renewable Energy Categories/Activities				
Upstream: Employee commuting	0	0	0	0
Upstream: Business travel	0	0	0	0
Upstream: Fuel- and energy- related activities (those that are not included in Indicator G4-EN3)	0	0	0	0
Downstream: Use of sold products	0	0	0	0
Upstream: Purchased goods and services	1,398,639	357,376	270,000	0
Total external renewable energy consumption	1398639	357376	270000	0
Non-renewable Energy Categories/Activities				
Upstream: Employee commuting	1,998,273	2,055,114	2,120,795	2,125,250
Upstream: Business travel	5,882,512	6,812,524	7,690,449	7,629,614
Upstream: Fuel- and energy- related activities (those that are not included in Indicator G4-EN3)	593,416	586,087	598,607	548,152
Downstream: Use of sold products	2,130,812	4,171,232	3,600,000	3,692,308
Upstream: Purchased goods and services	2,041,701	3,248,514	2,797,200	1,994,648
Total external non-renewable energy consumption	12646714	16873471	16807051	15989972
Total External Energy Consumption	14045353	17230847	17077051	15989972
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.

Deemed material? No

Energy Intensity GRI 302-3

Environmental / Energy / Energy Intensity GRI 302-3

Energy intensity ratio for the organization.

	Unit	2019	2018	2017	2016	
Numerator	MWh	4,455,752	4,666,514	4,077,988	4,357,300	
Denominator	Full Time Equivalent Employees	338,506	350,600	366,600	380,300	
Energy Intensity		13.16	13.31	11.12	11.46	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.

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	2019	2018	2017	2016	Base year	Types of energy included
Fuel	MWh	8,033	13,222	30,723	47,716		
Electricity	MWh	124,674	133,416	142,525	189,596		
Heating	MWh	1,208	1,018	0	0		
Cooling	MWh	2,433	3,769	0	0		
Steam	MWh	0	0	0	0		
Total Energy Saved	MWh	136348	151425	173248	237312		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 2019, IBM saved 7.5 million megawatt-hours of electricity consumption, avoided 4.5 million metric tons of CO_2 emissions and saved $646 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 2019, the goal translated to 136,000 MWh of energy conserved/avoided, meaning IBM achieved a total reduction avoidance of 3.2% 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	2019	2018	2017	2016
Computer Server	Gigajoules (GJ)	430	220	1100	1600
Storage Products	Gigajoules (GJ)	1690	3410	1620	230
Intelligent Buildings Solution	Gigajoules (GJ)	39600	65000	130000	148000
Public/Private Cloud Data Center	Gigajoules (GJ)				11000
Grid Management, Increased Renewables Dispatch	Gigajoules (GJ)	630000	630000	630000	100000
Total reductions in the energy requirements of sold products and services achieved	Gigajoules (GJ)	671720	698630	762720	260830
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 2019 - 05082020" 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:

Product & Solutions Emission Avoidance Examples 2019

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	**Reducing water withdrawals: I**BM 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 limited development and manufacturing 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 longterm, 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. 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.
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 covers 13% of IBM's total utilized real estate space encompassing 43 IBM 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.
103-3: Evaluation of the management approach	In 2019, water withdrawals at these IBM locations decreased by 2% versus 2018. Examples are found in the section on water conservation from page 36 of the latest 2019 IBM and the Environment report at: https://www.ibm.com/ibm/e...

References:

- IBM Environmental KPIs
- Water Conservation
- IBM and Environment Report 2019 Page(s) 36 & 67

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:
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 limited development and manufacturing activities.

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.

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:
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.

Process for setting water-related goals and targets:
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 covers 13% of IBM's total utilized real estate space encompassing 43 IBM 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.

References:

IBM and Environment Report 2019 Page(s) 36 & 67

IBM Environmental KPIs

Water Conservation

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:

- IBM Environmental KPIs
- IBM Annual Environmental Report
- Water Conservation

Water Withdrawal GRI 303-3

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

Sources and volumes of water withdrawn

Total Water Withdrawal (megaliters)	2019	2018	2017	2016
Surface water				
Groundwater				
Seawater				
Produced water				
Third-party water				
Total water withdrawal				
Withdrawal from Water Stressed Areas (megaliters)	**2019**	**2018**	**2017**	**2016**
Surface water	378.5	383.9	385.8	378.5
Groundwater	93.4	59.3	61.4	64.3
Seawater	0	0	0	0
Produced water	0	0	0	0
Third-party water	1,020.5	1,078.7	1,181.2	1,131.3
Total water withdrawal from areas with water stress	1492.4	1521.9	1628.4	1574.1
Surface water breakdown (megaliters)	**2019**	**2018**	**2017**	**2016**
Freshwater (total)				
Freshwater (stressed areas)				
Other water (total)				
Other water (stressed areas)				
Groundwater breakdown (megaliters)	**2019**	**2018**	**2017**	**2016**
Freshwater (total)				
Freshwater (stressed areas)				
Other water (total)				
Other water (stressed areas)				
Seawater breakdown (megaliters)	**2019**	**2018**	**2017**	**2016**
Freshwater (total)				
Freshwater (stressed areas)				
Other water (total)				
Other water (stressed areas)				
Produced water breakdown (megaliters)	**2019**	**2018**	**2017**	**2016**
Freshwater (total)				
Freshwater (stressed areas)				
Other water (total)				

Other water (stressed areas)				
Third-party water breakdown (megaliters)	2019	2018	2017	2016
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 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 covers 13% of IBM's total utilized real estate space encompassing 43 IBM 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.				

References:

- CDP Disclosure
- IBM Environmental Reports Page(s) 36
- IBM Environmental KPIs
- Water Conservation

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)	2019	2018	2017	2016
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)	**2019**	**2018**	**2017**	**2016**
Freshwater				
Other water				
Discharge to water stressed areas by total dissolved solids category (megaliters)	**2019**	**2018**	**2017**	**2016**
Freshwater				
Other water				
Priority substances of concern				
Contextual information				

Reason for Omission:

Confidentiality constraints

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:

- IBM and Environment Report 2019
- Water Conservation
- IBM Environmental KPIs
- IBM's Worldwide Environmental Management System
- CDP Disclosure

Deemed material? No

Water Consumption GRI 303-5

Environmental / Water and Effluents / Water Consumption GRI 303-5

Volume of water consumed

Water Consumption (megaliters)	2019	2018	2017	2016
Total water consumption				
Consumption from all areas with water stress	1,570.2	1,604.1	1,611.8	1,607.3
Change in water storage				
Contextual information IBM's water goal is to achieve year-to-year reductions in water withdrawals at specified IBM locations in water-stressed regions. Water data collected under the Water Goal comes from 43 IBM locations including data centers and offices in water-stressed regions, which in 2019 represented 13% of IBM's global utilized real estate space. In 2019 the total water used at these IBM locations in the water goal was 1,570,237 cubic meters.				

References:

- IBM's Worldwide Environmental Management System
- CDP Disclosure
- IBM Environmental KPIs
- CDP Climate Change / CDP Water / CDP Supply Chain Scope 3 GH...
- IBM and Environment Report 2019
- Water Conservation

Deemed material? No

Biodiversity

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

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

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

Topic: GRI 304 Biodiversity	
103-1: Explanation of the material topic and its Boundary	IBM has not identified biodiversity as a corporate-wide significant environmental aspect since the company'soperational activities, products and services do not have a significant impact on biodiversity. 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. In 1997, IBM became the first major multinational company to earn a single global registration to the International Organization for Standardization (ISO) 14001 environmental management systems (EMS) standard. We have sustained this ISO 14001 certification for 20 years, and in 2017, we completed an update to our global EMS to successfully transition our certification to the 2015 edition of the standard. IBM’s global EMS also conforms to the ISO 50001 standard on energy management systems. We achieved a corporate-level registration to the ISO 50001 standard in 2012. While biodiversity has not been identified as a corporate-wide significant environmental aspect, we do have five IBM sites in the United States which currently have their wildlife habitat management and conservation education program certified by the WHC: Armonk, New York (IBM’s Corporate Headquarters); Boulder, Colorado; Research Triangle Park, North Carolina; San Jose, California (IBM’s Silicon Valley Laboratory); and, San Jose, California (IBM’s Almaden Research Center).
103-2: The management approach and its components	See above, IBM has not identified biodiversity as a corporate-wide significant environmental aspect since the company'soperational activities, products and services do not have a significant impact on biodiversity.
103-3: Evaluation of the management approach	See above, IBM has not identified biodiversity as a corporate-wide significant environmental aspect since the company'soperational activities, products and services do not have a significant impact on biodiversity.

Additional Comments

IBM has not identified biodiversity as a corporate-wide significant environmental aspect since the company's operational activities, products and services do not have a significant impact on biodiversity. IBM's facilities and operations are not located in or near areas of high biodiversity value. While biodiversity has not been identified as a corporate-wide significant environmental aspect, we do have five IBM sites in the United States which currently have their wildlife habitat management and conservation education program certified by the WHC:
Armonk, New York (IBM’s Corporate Headquarters);
Boulder, Colorado;
Research Triangle Park, North Carolina;
San Jose, California (IBM’s Silicon Valley Laboratory)
and, San Jose, California (IBM’s Almaden Research Center).

Operational Sites Owned, Leased, Managed In, or Adjacent To, Protected Areas and Areas of High Biodiversity Value Outside Protected Areas GRI 304-1

Environmental / Biodiversity / Operational Sites Owned, Leased, Managed In, or Adjacent To, Protected Areas and Areas of High Biodiversity Value Outside Protected Areas GRI 304-1

Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

Geographic location	Subsurface and/or underground land that may be owned, leased or managed	Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	Type of operation (office, manufacturing or production, or extractive)	Size of operational site in km2	Biodiversity value characterized by: 1) the attribute of the protected area and high biodiversity value area outside protected area, and 2) listing of protected status
• Wildlife Habitat Council sites: • Armonk, New York (IBM's Corporate Headquarters) • Boulder, Colorado • Research Triangle Park, North Carolina • San Jose, California (IBM's Almaden Research Center) • San Jose, California (IBM's Silicon Valley Laboratory)					

Reason for Omission:
Not Applicable
Why considered not applicable:
IBM's facilities and operations are not located in or near areas of high biodiversity value. Nevertheless, we have established wildlife habitat programs to further enhance habitat at a number of our locations, including corporate headquarters in Armonk, NY. The programs at five IBM facilities have been certified by the Wildlife Habitat Council. See the below website reference. These sites are:

- Armonk, New York (IBM's Corporate Headquarters)
- Boulder, Colorado
- Research Triangle Park, North Carolina
- San Jose, California (IBM's Silicon Valley Laboratory)
- San Jose, California (IBM's Almaden Research Center)

References:

IBM's Wildlife Habitat Council sites.

Deemed material? No

Significant Impacts of Activities, Products, and Services on Biodiversity GRI 304-2

Environmental / Biodiversity / Significant Impacts of Activities, Products, and Services on Biodiversity GRI 304-2

Nature of the organization's significant direct and indirect impacts of activities, products, and services on biodiversity.

Reason for Omission:
Not Applicable
Why considered not applicable:
IBM has not identified biodiversity as a corporate-wide significant environmental aspect since the company's operational activities, products and services do not have a significant impact on biodiversity.

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. In 1997, IBM became the first major multinational company to earn a single global registration to the International Organization for Standardization (ISO) 14001 environmental management systems (EMS) standard. We have sustained this ISO 14001 certification for over 20 years, and in 2017, we completed an update to our global EMS to successfully transition our certification to the 2015 edition of the standard. IBM’s global EMS also conforms to the ISO 50001 standard on energy management systems. We achieved a corporate-level registration to the ISO 50001 standard in 2012.

While biodiversity has not been identified as a corporate-wide significant environmental aspect, we do have five locations currently that have their wildlife habitat management and conservation education program certified by the Wildlife Habitat Council.

References:

IBM's Wildlife Habitat Council sites.

Deemed material? No

Habitats Protected Or Restored GRI 304-3

Environmental / Biodiversity / Habitats Protected Or Restored GRI 304-3

Size and location of all habitat areas protected or restored, and whether the success of the restoration measure was or is approved by independent external professionals.

Geographic location	Size (in km2 if larger than one km2)	Success of the restoration was/is approved by independent professionals	Status of area at close of reporting period
Five IBM sites in the United States currently have their wildlife habitat management and conservation education program certified by the Wildlife Habitat Council. These 5 sites are: Armonk, New York (IBM's Corporate Headquarters); Boulder, Colorado; Research Triangle Park, North Carolina;San Jose, California (IBM's Silicon Valley Laboratory); and, San Jose, California (IBM's Almaden Research Center).	5.18		Active
Partnerships with 3rd parties to protect or restore habitat areas not listed above:	Standards, methodologies, and assumptions used:		

References:

IBM's Wildlife Habitat Council sites.

Deemed material? No

IUCN Red List Species and National Conservation List Species with Habitats in Areas Affected by Operations GRI 304-4

Environmental / Biodiversity / IUCN Red List Species and National Conservation List Species with Habitats in Areas Affected by Operations GRI 304-4

Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk.

Habitat affected by operations that include species on the IUCN Red List and on national conservation lists	# of Critically Endangered species	# of Endangered species	# of Vulnerable species	# of Near Threatened species	# of Least Concern species

Reason for Omission:
Not Applicable
Why considered not applicable:
IBM's operations worldwide are not located in areas of significant biodiversity and they have no significant impact on biodiversity or on endangered species.

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. In 1997, IBM became the first major multinational company to earn a single global registration to the International Organization for Standardization (ISO) 14001 environmental management systems (EMS) standard. We have sustained this ISO 14001 certification for 20 years, and in 2017, we completed an update to our global EMS to successfully transition our certification to the 2015 edition of the standard. IBM’s global EMS also conforms to the ISO 50001 standard on energy management systems. We achieved a corporate-level registration to the ISO 50001 standard in 2012.

While biodiversity has not been identified as a corporate-wide significant environmental aspect, we do have five locations currently that have their wildlife habitat management and conservation education program certified by the Wildlife Habitat Council.

References:

IBM's Worldwide Environmental Management System

IBM's Wildlife Habitat Council sites.

Deemed material? No

Emissions

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

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

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

Topic: GRI 305 Emissions	
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	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 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. Integral parts 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 2018), and a goal to reduce CO2 emissions associated with IBM's energy consumption 40% by 2025 against the 2005 baseline (New goal established in 2018). 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 1700 energy conservation projects at nearly 230 locations in 2019. These projects delivered annual energy savings of 136,000 MWh of energy, equal to 3.2% of our total energy use during 2019 and surpassing the corporate goal of 3%. These projects avoided the emission of 47,000 metric tons of CO2 and saved $14.4 million in energy savings.

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 ISO 14001 & ISO 50001 Registrations

IBM's Worldwide Environmental Management System

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	2019	2018	2017	2016	Emissions in base year Year: 2005
Gross direct (Scope 1) GHG emissions	114640	124633	124901	133,623	
Biogenic CO2 emissions	0	0	0	0	
☑ Direct (Scope 1) GHG emissions by gas					
CO2	105,943	111,460	111,807	118,303	
N2O	0	0	0	0	
HFCs	6,908	11,475	11,362	13,977	
PFCs	1,553	559	612	691	
SF6	236	1,139	1,120	652	
Gases included in the calculation of gross direct (Scope 1) GHG emissions: CO2 N2O HFCs PFCs SF6					
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. 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.					
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 CO2 Emissions from Fuel Combustion, 2014 Edition; U.S. EPA eGrid with 2010 Data; The Climate Registry Default Emission Factors, April 2015; Local Electric Utility CO2 Emission Factors Global warming potential (GWP) rates or reference to the GWP source: IPCC Second Assessment Report (SAR - 100 Year) and 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 2019, 47.0% of IBM's electricity consumption came from renewable sources. 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 2019, IBM reduced emissions 39.7% against the 2005 baseline.

References:

IBM Verification Statement for 2015 GHG Emissions

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	2019	2018	2017	2016	Emissions in base year Year: 2005
Gross location-based indirect (Scope 2) GHG emissions	1,052,296	1133030	1,371,616	1,155,833	2,028,000
Gross market-based indirect (Scope 2) GHG emissions	822,616	963304	1,076,882		
Total direct (Scope 1) GHG emissions	114,640	124633	124,901	133,663	
Total (Scope 1) + (Scope 2) GHG emissions	114640	124633	124901	133663	
Gases used to calculate indirect (Scope 2) GHG emissions: CO2					
Rational for choosing base year: The 2005 base year was 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.					
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

The Total Indirect (Scope 2) emissions provided above represent market-based emissions according to the current GHG Protocol methodology standards. 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 2019, IBM reduced its CO2 emissions by 39.7% against the 2005 baseline. GHG Emissions Reduction 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 2019, IBM reduced its CO2 emissions by 39.7% against the 2005 baseline. 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 2019, 47.0% of IBM's electricity consumption came from renewable sources. PFC Emissions Management The semiconductor manufacturing operations were divested on July 1, 2015. This significantly reduced our PFC emissions. We continue to monitor these emissions from the remaining operations.

References:

IBM Environmental Reporting

IBM Auditing and Verification

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	2019	2018	2017	2016	Emissions in base year Year
Gross other indirect (Scope 3) GHG emissions	1,158,415	1346702	1,263,000	1,257,500	
Biogenic CO2 emissions	0	0	0	0	
Gases included in the calculation: CO2					
Other indirect (Scope 3) GHG emissions categories and activities included in the calculation: Scope 3 Categories - 1. Fuel-and-energy-related activities not included in Scope 1 or 2 (lease vehicles) 2. Business Travel (air travel and rental cars) 3. Employee Commuting 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; TUV Rheinland; UNECE/EMEP Emission Inventory Guidebook (SNAP/CORINAIR) 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, nitrous oxide, heat transfer fluids, and HFCs and are expressed in metric tons of CO2 equivalents. Scope 2 and 3 emissions only include CO2 emissions. 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

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	2019	2018	2017	2016
GHG emissions intensity ratio:	Metric tons of CO2e/Full Time Equivalent Employee	3.6	3.9	3.3	4.7
List of gases included: CO2, PFCs, HFCs, N20	Types of greenhouse gas emissions included: Direct (Scope 1) Indirect (Scope 2)				

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.

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	2019	2018	2017	2016
Total GHG reductions:	Type of GHG emissions that have been reduced Direct (Scope 1) Indirect (Scope 2)	333,642	289,000	338,649	383,000
List of gases included: CO2	Base year or baseline: 2018				
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 the divestment of the "System x" and semiconductor manufacturing operations in 2014 and 2015 respectively.					
Standards, methodologies, and assumptions used WRI/WBCSD Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards (Revised Edition)					

Additional Comments

In 2019, IBM's energy conservation projects across the company delivered savings equal to 3.2 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 136,000 megawatt-hours (MWh) of energy, representing the avoidance of 47,000 metric tons of CO2 emissions. The conservation projects also saved $14.4 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 2019 IBM and 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 2019, IBM saved 7.7 million MWh of electricity consumption, avoided 4.5 million metric tons of CO2 emissions and saved $646 million through its annual energy conservation actions.

In 2019, IBM contracted with its utility suppliers to purchase 948,000 MWh of renewable energy over and above the quantity of renewable energy provided as part of the mix of electricity that we purchased from the grid. This represented 24.9 percent of our global electricity usage and resulted in the avoidance of 287,000 metric tons of CO2 emissions. In addition, IBM received approx. 842,000 MWh of renewable electricity as part of the grid energy mix in the regions where we operate, representing an additional 22.1% of renewable energy. In total during 2019, 47.0% 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 2018, IBM set its 4th generation CO2 emissions reduction goal to reduce CO2 emissions associated with IBM's energy consumption 40% by 2025 against base year 2005, adjusted for acquisitions and divestitures. During 2019, IBM reduced emissions 39.7% against the 2005 baseline.

References:

- IBM Environmental Reporting
- CDP Disclosure — Page(s) Section 3, 10.1.a, 11.4
- IBM Auditing and Verification

Deemed material? Yes

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

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

Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent.

		2019	2018	2017	2016	
Production of ODS	Metric tons of CFC-11 equivalent					C2
Imports of ODS	Metric tons of CFC-11 equivalent					
Exports of ODS	Metric tons of CFC-11 equivalent					
Total ODS	Metric tons of CFC-11 equivalent					
Substances included in the calculation	Standards, methodologies, and assumptions used:					
Source of the emission factors used:						

C2

See "Reason for Omission" for information on why the data is not applicable.

Reason for Omission:

Not Applicable

Why considered not applicable:

Voluntary materials prohibitions by IBM for Class I and II ozone-depleting substances

Ozone Depleting Substances (ODS) have been prohibited from use at IBM for hardware development and manufacturing processes and products for decades as follows:

- 1990 - prohibited as expansion agents used in packaging;
- 1993 - Class I ozone depleting chemicals where eliminated from use in development and manufacturing processes, and prohibited from use in products;
- 1995 - Class II ozone depleting chemicals eliminated from use in development and manufacturing processes, and prohibited from use in products.

Refer to IBM website on voluntary materials prohibitions and restrictions by IBM at: https://www.ibm.com/ibm/e...

References:

IBM Environmental Reports

Deemed material? No

Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Other Significant Air Emissions GRI 305-7

Environmental / Emissions / Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Other Significant Air Emissions GRI 305-7

Significant air emissions, in kilograms or multiples for Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and other significant air emissions.

Emissions Types (specify units for each)	2019	2018	2017	2016	Target (year):
SOx emissions Units: MT	4.34	13.04	23.84	23.3	
Data coverage (as % of denominator): Operations	100	100	100	100	
SOx intensity. Factored against base figure: Not applicable					
☐ Do not track					
NOx emissions Units: MT	98.10	95.54	127.85	170.7	
Data coverage (as % of denominator): Operations	100	100	100	100	
NOx intensity. Factored against base figure: Not applicable					
☐ Do not track					
Particulate matter emissions Units: MT	8.91	7.30	7.63	9.0	
Persistent organic pollutant (POP) emissions Units:					
Hazardous air pollutants (HAP) Units: MT	0.0	0.0	0.0	0.0	
☐ Do not track					
Volatile organic compound (VOC) emissions Units: MT	11.03	15.59	8.37	8.9	
Data coverage (as % of denominator): Operations	100	100	100	100	
Specify the base factor:					
☐ Do not track					
Dust Emissions Units:					
Data coverage (as % of denominator):					
We do not track Dust Emissions ☐ Do not track					
Other Air Emissions:					
Standards, methodologies, and assumptions used: The point sources are from on-site combustion of diesel fuel for operation and maintenance runs for emergency power generators and combustion of natural gas in boilers used for space heating. The fugitive emissions are from use of chemicals for development activities. Applicable pollution control measures are in place at the identified sites to capture emissions prior to discharge to air.					
Source of emission factors used:					

Third Party Verification: Data has not been verified.					
Data is made publicly available about NOx, SOx, and other significant air emissions and sources Data publicly available: No					
Emissions publicly disclosed					

Additional Comments

Hazardous Air Pollutants (HAP) - In July 2015, IBM divested its semiconductor manufacturing business (i.e., the microelectronics manufacturing division). IBM still monitors the HAP in development activity and evaluates the continued need for tracking this indicator.

Deemed material? No

Effluents and Waste

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

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

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

Topic: GRI 306 Effluents and Waste	
103-1: Explanation of the material topic and its Boundary	Waste generated from IBM operations are disposed under IBM internal programs to address the potential environmental impacts of its generation, management and disposal. IBM measures all hazardous wastes generated by IBM operation and nonhazardous waste disposal at applicable IBM locations worldwide. IBM also measures and manages wastewater discharges at applicable IBM locations worldwide for maintaining operational conditions and compliance with discharge permits. These are requirements of IBM’s global environmental management system. Water as well as wastes are integrated into a comprehensive and global risk assessment process incorporating both direct and supply chain operations. The approach covers historic and forward looking to determine relevance of environmental aspects and impact and their associated significance across relevant business organizations. This planning cycle is undertaken at least annually under the requirements of IBM's global environmental management system, and as part of our single global ISO 14001 EMS accreditation. These processes look at business risk comprehensively including, but not limited to, risks and impacts related to water source, water use ,wastewater and wastes discharges, and the material external environmental issues that may negatively or positively impact on the achievement of the intended outcomes of IBM's global EMS. This includes likely consequences of climate change such as, more extreme weather or natural disasters, changing rainfall patterns and water availability. We anticipate that the business model of both IBM's and our production and service suppliers' operations will enable those operations to anticipate and adapt to potential risks and mitigate the impacts without significant disruptions to our business.
103-2: The management approach and its components	

I**BM'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.

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, Nonhazardous waste, Waste recycling and reuse, Water use and conservation and Water discharges are considered significant to IBM's global operations.

Resource conservation and pollution prevention for IBM's global operations
Effluent/Wastewater discharges
IBM's global EMS requires an environmental impact assessment (EIA) for new, or significant modification to existing, hazardous chemical-using Research, Hardware Development or Manufacturing Processes or building Infrastructure activities. For a new process, an EIA is initiated during design. This EIA is addressed alongside the other critical business objectives / elements of a business case as part of the planning and management approval process. Significant modification to a process's original purpose, chemical use, equipment, utility energy or water requirements, air emissions, water discharges, waste generation, or engineering controls for environmental protection can trigger an EIA.

IBM also maintains other environmental programs for pollution prevention, including for authorization, use, storage and disposal of chemicals, for secondary containment of liquids, and for protection of soil and groundwater.

Waste disposal, reuse and recycling
Product Stewardship - Product recycling and reuse: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.

As part of our product end-of-life management (PELM) activities, IBM began offering product takeback programs in Europe in 1989, and has extended and enhanced them over the years. IBM's Global Asset Recovery Services organization offers Asset Recovery Solutions to commercial clients in countries where we do business. These solutions include:
• Management of data security and disk overwrite services,
• Worldwide remarketing network for product resale,
• State-of-the-art refurbishing and recycling capability for IT equipment,
• Optional logistic services such as packing and transportation.
In many countries and U.S. states, we offer solutions to household consumers for the end-of-life management of computer equipment, either through voluntary IBM initiatives or programs in which we participate.

IBM's voluntary goal for PELM is to reuse or recycle end-of-life products such that the amount of product waste sent by our PELM operations to landfills or to incineration facilities for treatment does not exceed a combined 3 percent (by weight) of the total amount processed. The PELM 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.

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 Effluent/Wastewater discharges and management approach Information on wastewater discharges and their management at applicable IBM locations worldwide are not directly disclosed publicly by IBM. IBM does internally track, report and manage for the applicable IBM locations with site regulatory wastewater discharge permits, worldwide, as well as at IBM locations in water stressed regions that are included in our water conservation goal. Evaluation of Product end-of-life Management and Waste disposal and management approaches **Product Stewardship - Product recycling and reuse:**IBM's goal is to reuse or recycle end-of-life products such that the amount of product waste sent by our PELM operations to landfills or to incineration facilities for treatment does not exceed a combined 3 percent (by weight) of the total amount processed. In 2019, IBM's global PELM operations sent approximately 0.8 percent by weight of end-of-life products and product waste directly to landfill or incineration as a disposal treatment. The total weight of end-of-life products and product waste processed by these operations was 20,800 metric tons . Of the 20,800 metric tons processed by IBM PELM operations worldwide, 61.1 percent was sent for recycling as materials, 29.5 percent was resold as products, 4.7 percent was product reused by IBM, 3.9 percent was incinerated for energy recovery, and an estimated 0.8 percent was sent to landfills or incinerated for final disposal. From 1995, when we first began including product recovery in our annual corporate environmental report, through the end of 2019, IBM has documented the collection and processing of approximately 1.08 million metric tons of product and product waste worldwide. **Pollution Prevention - Hazardous waste:** IBM generated 1,146 metric tons of hazardous waste in 2019 of which 52.2 percent was recycled. When prevention, reuse and recycling are not available or practicable, other recovery methods are utilized. Landfill and incineration are the last options and used only when other solutions are not available or when mandated by laws or regulations.For example, of the total amount of hazardous waste sent to landfills, approximately 66 percent was sludge from an industrial wastewater treatment plant which is required to be disposed of in a secure hazardous waste landfill. **Pollution Prevention - Nonhazardous waste:** Our current goal is to send 75% (by weight) of the nonhazardous waste IBM generates worldwide to be recycled. In 2019, we sent 88.8% of the 35,700 metric tons of nonhazardous waste that we generated for recycling. This represents a 0.7% decrease over 2018 largely due to several construction projects where the associated waste was sent to landfill. Disposition methods that are not considered recycling include incineration (i.e., without energy recovery), landfilling and treatment, such as aqueous treatment or biodegradation of organics. 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.

References:

- IBM Environmental KPIs
- IBM Environmental Reports
- IBM and Environment Report 2019

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	C2
2019				No	C3
	Total Volume:	Total volume of water discharge			
2018				No	
	Total Volume:	Total volume of water discharge			
2017				No	
	Total Volume:	Total volume of water discharge			
2016				No	
	Total Volume:				
Data publicly available No					

C2
See "Reasons for Omission" for further information.

C3
See "Reasons for Omission" for further information.

Reason for Omission:
Confidentiality constraints
Specific confidentiality constraints:
During the 2018 reporting period Water Discharges was a corporate-wide significant environmental aspect of IBM's Worldwide Environmental Management System. Follow the most recent internal contextual planning review in early 2019 "Water Discharges" is no longer identified as a corporate-wide significant environmental aspect given that there is now a limited number of locations worldwide where IBM manages the treatment and discharge of wastewater. Remaining IBM locations maintain discharge permits to comply with the applicable regulatory requirements. While IBM tracks and measures water discharges and implement management programs where applicable, including for those wastewater discharges from IBM locations holding regulatory discharge permits worldwide, IBM does not publicly disclosure water discharge data.

IBM tracks and manages water discharges to maintain compliance with the requirements in site specific regulatory discharge permits and/or IBM's own requirements. IBM's corporate program establishes treatment requirements applicable to IBM locations where they discharge directly to receiving waters, where it is not feasible to discharge to an offsite private or publicly owned waste water treatment plant. IBM locations with industrial or sanitary wastewater treatment plants on site that are processing industrial or sanitary waste water must adhere to these IBM corporate requirements.

In addition to routine monitoring discussed above, IBM locations report any significant unplanned releases to water to regulatory agency as required by law. IBM locations also must report unplanned releases meeting IBM's own incident response and reporting criteria to management as well as into a corporate environmental incident reporting system database. Any significant unplanned releases of effluent to receiving water are publicly disclosed in the latest annual IBM and the Environment report under "Audits and Compliance", "Accidental Releases" section at: https://www.ibm.com/ibm/e...

Under IBM's global Environmental Management System IBM locations that management on-site treatment of waste water discharges are required to report into IBM's Environmental Performance Database (EPD). 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.

Deemed material? No

Waste by Type and Disposal Method GRI 306-2

Environmental / Effluents and Waste / Waste by Type and Disposal Method GRI 306-2

Total weight of waste by type and disposal method.

Method of disposal and weight (metric tons) of non-hazardous waste	2019	2018	2017	2016
Reuse:	970	925	970.0	1294.49
Recycling:	24998	23393	25514.1	31837.8
Composting:	1150	1063	1118.0	702.0
Recovery (including energy recovery):	4584	5252	4806.4	4497.9
Incineration (mass burn):	316	695	1011.4	1621.88
Deep well injection:	0	0	0	0
Landfill:	3485	2311	2982.8	3655.41
On-site storage:	0	0	0.1	0.06
Other: Treatment	248	578	478	856.56
Total weight of non-hazardous waste disposed:	35751	34217	36880.8	44466.1
Method of disposal and weight (metric tons) of hazardous waste				
Reuse:	0	0	0	0
Recycling:	586	903	642.4	892.1
Composting:	0	0	0	0
Recovery (including energy recovery):	12	3	0	0
Incineration (mass burn):	109	522	488.5	186.7
Deep well injection:	0	0	0	0
Landfill:	350	205	273.5	247.6
On-site storage:	0	1	3.1	0.9
Other: Treatment	89	126	50.3	36.5
Total weight of hazardous waste disposed:	1146	1760	1457.8	1363.8
Total weight of non-hazardous and hazardous waste disposed:	36897	35977	38338.6	45829.9
Report how the waste disposal method has been determined: 2. Information provided by the waste disposal contractor — Please provide details on method 2: See Additional Comments below.				

Additional Comments

IBM's global supplier environmental programs

IBM has a longstanding commitment to protect the environment and to pursue environmental leadership across all of our business activities. As a part of this commitment, IBM does business with suppliers who are environmentally and socially responsible and encourages environmental and social responsibility awareness with these suppliers. Further, IBM must respond to an increased interest from customers and governments for information about the environmental attributes of IBM's products and, in many cases, the source for this type of information is IBM's suppliers. The objectives of our requirements for suppliers and our supplier evaluation programs include:

- Ensuring that IBM does business with environmentally responsible suppliers who are actively managing and reporting on their environmental intersects and impacts.
- Helping our suppliers build capabilities and expertise in the environmental area.
- Preventing the transfer of responsibility for environmentally sensitive operations to any company lacking the commitment or capability to manage them properly.
- Reducing environmental and workplace health and safety risks of our suppliers.
- Protecting IBM, to the greatest extent possible, from potential long-term environmental liabilities or potential adverse publicity.

IBM has additional requirements for those suppliers where IBM:

- Specifies and/or furnishes chemicals or process equipment
- Procures materials, parts and products for use in hardware applications
- Procures hazardous waste and nonhazardous special waste treatment and/or disposal services
- Procures product end-of life management services
- Uses extended producer responsibility systems

Specific environmental requirements are documented in our contracts with suppliers conducting these types of activities anywhere in the world. These may include requirements related to chemical content, chemical management, waste management, spill prevention, health and safety, and reporting.

IBM requires its hazardous waste and product end-of-life management suppliers to track the shipment and processing of any hazardous materials they handle for IBM -- down to the final treatment, recycling or disposal location -- and to report that information to us.
As with all of our environmental programs, IBM manages its hazardous waste and product end-of-life management programs to the same high standards worldwide. Doing so can be particularly challenging in some countries where processing infrastructure (treatment, recycling and/or disposal) that meets IBM's requirements is lacking or not existent. Under IBM's waste management program, hazardous and nonhazardous special wastes are treated, recycled or disposed at IBM-approved facilities within the country where they are generated, whenever possible. IBM does not export hazardous and nonhazardous special wastes from the United States or any other country where suitable processing facilities are available within the country. If there are no suppliers in a country that meet IBM's environmental and safety requirements for hazardous waste or product processing, the waste generated by IBM's operations is shipped to facilities in other countries where those requirements can be met. This shipping is done in compliance with country laws and regulations, and in accord with international treaties such as the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal.

References:

- Env Requirements in the Supply Chain
- IBM Environmental Information for Suppliers
- IBM Environmental Reports

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:					C1
Recorded significant spills	Total number	Total volume			
2019	4	0			
2018	2	0			
2017	3	0			
2016	4	0			
Spills reported in the recent annual financial statement	Location of spill	Volume of spill	Spill material	Impact of spill	
0	0	0	Fuel		

C1
For information refer to "Additional Comments"

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 2015 - 2019 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

Deemed material? No

Transport of Hazardous Waste GRI 306-4

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

Total weight of transported hazardous waste.

Unit: Metric Tons (MT)				
Total weight transported	2019	2018	2017	2016
Hazardous waste transported:	1146	1759.5	1457.8	1363.71
Hazardous waste imported:	0	0	0	45.15
Hazardous waste exported:	0.05	1.2	0.875	45.57
Hazardous waste treated:	1145	1758.3	1457.8	1363.71
Percentage (%) of hazardous waste transported internationally:	0	0	0	3.3
Standards, methodologies, and assumptions used:				

Additional Comments

In 2019, worldwide, we registered trans-boundary shipments of product and facility generated hazardous waste as follows:

- Canada (Industry waste: 0.05Metric Tons sent to US for treatment)

Deemed material? Yes

Water Bodies Affected by Water Discharges and/or Runoff GRI 306-5

Environmental / Effluents and Waste / Water Bodies Affected by Water Discharges and/or Runoff GRI 306-5

Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.

Water body/habitat	Size	Protected Area	Biodiversity Value

Reason for Omission:
Not Applicable
Why considered not applicable:
None of the waste water discharges from IBM locations worldwide significantly affect water bodies or related habitats.

During the 2018 reporting period Water Discharges was a corporate-wide significant environmental aspect of IBM's Worldwide Environmental Management System. Follow the most recent internal contextual planning review in early 2019 "Water Discharges" is no longer identified as a corporate-wide significant environmental aspect given that there is now a limited number of locations worldwide where IBM manages the treatment and discharge of wastewater. Remaining IBM locations maintain discharge permits to comply with the applicable regulatory requirements. While IBM tracks and measures water discharges and implement management programs where applicable, including for those wastewater discharges from IBM locations holding regulatory discharge permits worldwide, IBM does not publicly disclosure water discharge data.

IBM tracks and manages water discharges to maintain compliance with the requirements in site specific regulatory discharge permits and/or IBM’s own requirements. IBM’s corporate program establishes treatment requirements applicable to IBM locations where they discharge directly to receiving waters, where it is not feasible to discharge to an offsite private or publicly owned waste water treatment plant. IBM locations with industrial or sanitary wastewater treatment plants on site that are processing industrial or sanitary waste water must adhere to these IBM corporate requirements.

In addition to routine monitoring discussed above, IBM locations report any significant unplanned releases to water to regulatory agency as required by law. IBM locations also must report unplanned releases meeting IBM’s own incident response and reporting criteria to management as well as into a corporate environmental incident reporting system database. Any significant unplanned releases of effluent to receiving water are publicly disclosed in the latest annual IBM and the Environment report under “Audits and Compliance”, “Accidental Releases” section at: https://www.ibm.com/ibm/e...

Under IBM's global Environmental Management System IBM locations that management on-site treatment of waste water discharges are required to report into IBM's Environmental Performance Database (EPD). 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.

Deemed material? No

Environmental Compliance

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

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

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

Topic: GRI 307 Environmental Compliance	
103-1: Explanation of the material topic and its Boundary	**IBM's Worldwide Environmental Management System and compliance strategy** Compliance with applicable environmental laws and regulations and IBM environmental requirements is a core element of IBM's worldwide (WW)environmental management system (EMS) as stated in our Corporate Environmental Affairs policy and covered in the IBM global EMS manual. IBM's WW EMS sets out the requirements for identification of environmental aspects for IBM's activities, products and services that it can control, and those that it can influence, and those with significant environmental impacts shall be considered when setting associated objectives, targets and programs. The determination of significant environmental impacts will be based on the consensus of the best judgment of suitably qualified professionals considering: 1. the environmental impact of the aspect; 2. legal and/or regulatory requirements, and other requirements to which IBM subscribes related to its environmental aspects; 3. IBM environmental requirements; 4. IBM's commitment to be a responsible neighbor; and 5. Customer views.
103-2: The management approach and its components	At the corporate level significant environmental aspects have objectives, targets and programs assigned and implemented for protection of the environmentand 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 including to: • Provide a safe and healthful workplace and ensure that personnel are properly trained and have appropriate safety and emergency equipment. • 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. • Develop, manufacture, and market products that are safe for their intended use, efficient in their use of energy, protective of the environment, and that can be reused, recycled or disposed of safely. • 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. • Ensure the responsible use of energy throughout our business, including conserving energy, improving energy efficiency, and giving preference to renewable over nonrenewable energy sources when feasible. • Participate in efforts to improve environmental protection and understanding around the world and share appropriate pollution prevention technology, knowledge and methods. • Utilize IBM products, services and expertise around the world to assist in the development of solutions to environmental problems. • Meet or exceed all applicable government requirements and voluntary requirements to which IBM subscribes. Set and adhere to stringent requirements of our own no matter where in the world the company does business. • Strive to continually improve IBM's environmental management system and performance, and periodically issue progress reports to the general public. • Conduct rigorous audits and self-assessments of IBM's compliance with this policy, measure progress of IBM's environmental affairs performance, and report periodically to the Board of Directors. Further, every employee and every contractor on IBM premises is expected to follow this policy and to report any environmental, health, or safety concernto IBM management. Managers are expected to take prompt action. (See additional information on Environmental Disclosure on Material Aspects in question ID 3085, G4 DMA Env.) Unplanned releases (environmental incidents) are identified as a corporate-wide significant environmental aspect, along with 13 others. An environmentalincident prevention and reporting program is maintained to reduce the number of environmental incidents and the severity of any environmental incidents that may occur. The goal is zero incidents. IBM sites around the world report environmental incidents and accidental releases to IBM management through the company's Environmental Incident Reporting System (EIRS). IBM's environmental incident reporting criteria are equal to or exceed applicable legal reporting requirements and every event meeting IBM's reporting criteria must be reported through EIRS. Each IBM location must have a documented incident prevention program (including provisions for preventing environmental incidents or their recurrence) and reporting procedure. Maintaining compliance posture is also implicit to all the other identified corporate-wide significant environmental aspects for: • Energy sourcing, consumption and conservation • Nonhazardous waste disposal • Chemical use • Hazardous waste disposal • Product environmental stewardship design and compliance • Procurement of parts, products or services • Product end-of-life management • Waste reduction, recycling and/or reuse • Air emissions • Water discharges • Water use and conservation • Groundwater or soil remediation • Hazardous materials transportation

103-3: Evaluation of the management approach	On an annual basis a comprehensive self-assessment is completed for IBM locations, country operations and business organizations, such as Product Development, Global Real Estate Operations, Global Asset Recovery Services, Global Logistics, Global Services Environmental Compliance and Supply Chain, to assess IBM's compliance posture globally. Any identified corrective and preventative actions are addressed in a proactive manner, including management oversight to closure. Additionally, and at least once a year, top management will review the compliance controls posture of our operations globally. Other key management tools are deployed to support compliance to product environmental and chemical management laws worldwide. Some key examples: 1. IBM Systems – Servers and Storage- implements compliance 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 Generated from OneReport 129/229 International Business Machines Environmental Profile tool at various check points during the development process. Compliance management tools like the Product Content Declaration for IBM's suppliers support the assessments required for a complete Product Environmental Profile prior to product release. 2. IBM expects each first-tier suppliers to deploy a management system, measure performance, set goals and disclose results in a way that reflects their particular intersections with corporate responsibility and the environment. IBM is also requiring its first-tier suppliers to communicate these requirements to their own suppliers who perform work that is material to the products, parts or services supplied to IBM to meet or exceed product environmental compliance obligations. This includes compliance for restriction of hazardous substances, global harmonized systems of classification and labeling of chemicals; energy efficiency; protective packaging; batteries and waste electrical and electronic equipment. Supplier adherence is periodically audited to maintain compliance. 3. As part of IBM global environmental management system, we conduct environmental evaluations of a relevant subset of its suppliers, including all of its hazardous waste services suppliers, certain production-related suppliers and all of the company's product recycling and disposal suppliers. To address concerns about recycling in the extended supply chain, the company also evaluates certain subcontractors its suppliers may use to handle recycling or disposal operations.

Additional Comments

The environmental performance against these environmental objectives and goals are monitored and measured to assess the effectiveness of the programs and to identify opportunities for continual improvement. The performance, which covers compliance, is reviewed at least annually by top management and periodically communicated and disclosed publicly. These programs are part of IBM's global EMS which has been independently accredited to the ISO 14001:2004 standard since 1997.
1. Further details on IBM’s global environmental management system and associated compliance and business controls strategy are available at: http://www.ibm.com/ibm/en...

2. Product Stewardship program compliance: http://www.ibm.com/ibm/en...

3. Supply chain environmental compliance: http://www.ibm.com/ibm/en...

4. Our audit and compliance performance is outlined publicly in our latest annual IBM and the Environment Report at: http://www.ibm.com/ibm/en...

References:

- IBM Environmental Affairs Policy
- IBM Supply Chain Social & Environmental Mgmt Systems
- IBM Environmental Reports

Non-Compliance with Environmental Laws and Regulations GRI 307-1

Environmental / Environmental Compliance / Non-Compliance with Environmental Laws and Regulations GRI 307-1

Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations.

Currency: USD	2019	2018	2017	2016
Total monetary value of significant fines	0	0	0	0
Number of environmental fines paid by the company	0	0	0	0
Total number of non-monetary sanctions	0	0	0	0
Cases brought through dispute resolution mechanisms	None	None	None.	None.
Data publicly available: Yes Link to disclosure: 5 Years ---- Included in section on Audits and Compliance in the latest annual 'IBM and the Environment Report" publicly available at: http://www.ibm.com/ibm/en...				

Additional Comments

Accidental releases:IBM locations around the world report environmental incidents and accidental releases to IBM management through the company's Environmental Incident Reporting System (EIRS). IBM's environmental incident reporting criteria are equal to or more stringent than applicable legal reporting requirements, and every event meeting IBM's criteria must be reported through the EIRS. In addition, each IBM location must justimplement and maintain a documented incident prevention program and reporting process.

In 2019, eighteen accidental releases of substances to the environment(8 to air, 8 to land and 2 to water) related to IBM operations were reported through the EIRS, an increase from the accidental releases reported in 2018. The eight releases to air were from refrigerants used in building cooling, or from gas used in a building fire prevention system. Of the releases to land, three were from chemically treated water from cooling tower systems, one was heating oil, and four were diesel fuel. Three of the four diesel fuel releases necessitated site environmental remediation . The two releases to water occurred at one location and involved separate incidents of chemically treated water from a cooling tower system leaking into the stormwater drainage system. All environmental releases were promptly and effectively managed and root causes were investigated, and appropriate corrective actions taken. We also continue to investigate additional controls and preventative measures that can be implemented to reduce the number of accidental releases.

Fines and penalties:
One significant measure of a company's proactive approach to pollution prevention and environmental compliance and continual improvement is its track record of fines and penalties. In 2019, IBM received 43 agency inspections at locations worldwide with no resulting fines or penalties. Over the past five years, IBM has not paid any fines or penalties associated with environmental compliance matters. The company's global environmental incident prevention, preparedness, response and reporting program and proactive and timely response to, and where required, remediation of environmental releases is testament to this record.

References:

IBM Environmental Reporting

IBM's ISO 14001 & ISO 50001 Registrations

Deemed material? Yes

Supplier Environmental Assessment

Management Approach: Supplier Environmental Assessment GRI 103-1, 103-2, 103-3

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

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

Topic: GRI 308 Supplier Environmental Assessment	
103-1: Explanation of the material topic and its Boundary	IBM does business with suppliers that are environmentally and socially responsible, and encourages environmental leadership among them.IBM established and communicates IBM's environmental responsibility requirements and expectations to all new suppliers. IBM assesses whether new suppliers have in place a management system, as well as programs to effectively address their own social and environmental responsibilities and communicate same requirements to their next tier suppliers who perform work that is material to the products and/or services being supplied to IBM. In addition to this supplier assessment, as part of IBM's global environmental management system, IBM conducts a three-stage supplier environmental evaluation for suppliers providing operational services on its location based on IBM specification, 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. Both programs are worldwide programs, without geographic limitation.
103-2: The management approach and its components	**The management approach and its components** The IBM management approach, objectives, and requirements for suppliers and our supplier evaluation program include: • Ensuring that IBM does business with environmentally responsible suppliers that are actively managing and reporting on their environmental impact • Helping our suppliers build capabilities and expertise in the environmental area • Avoiding the transfer of responsibility for environmentally sensitive operations to any company lacking the commitment or capability to manage them properly • Reducing our suppliers' environmental and workplace health and safety risk • Protecting IBM, to the greatest extent possible, from potential environmental liabilities or adverse publicity. • To achieve these approaches, IBM established the following goals: 1) Requiring new suppliers to be compliant to IBM's Social and Environmental Management System Requirements. 2) Completing comprehensive environmental reviews of all global suppliers which provide product recycling and disposal services, hazardous waste management services, and certain production-related services before approving them for use by IBM; 3) Requiring all first-tier suppliers providing product end of life management, recycling and disposal services in the Unites States, Canada, or European Union to achieve third party certification to an acceptable electronic product recycling standard;
103-3: Evaluation of the management approach	**Evaluation of the management approach** For goal #1 above (supplier compliance to IBM's Social and Environmental Management System Requirements): IBM requires its first-tier suppliers to establish and maintain a corporate responsibility and environmental management system that complies with the requirements listed at: **https://www.ibm.com/procu...** **https://www.ibm.com/procu...** Suppliers are assessed at the corporate-wide enterprise level. New suppliers are afforded a period not to exceed 12 months to demonstrate compliance with these requirements. Assessment status is tracked monthly and action is taken to confirm plans reach acceptance. Failure to comply with all applicable requirements can ultimately result in termination. IBM reserves the right to assess the supplier's conformance to these requirements any time during the term of business with IBM. For goal #2 above (Completing comprehensive environmental reviews of all global suppliers which provide product recycling and disposal services, hazardous waste management services, and certain production-related services before approving them for use by IBM): In 2018, we screened all Category III suppliers who were required to be evaluated/re-evaluated in that year. Based on the result of screening, further environmental evaluations have been completed or are still in progress. IBM is completing this program using internal environmental experts and third parties. The latter one is getting more dominance in the program execution. For goal #3 above (Requiring all first-tier suppliers providing product end of life management, recycling and disposal services in the Unites States, Canada, or European Union to achieve third party certification to an acceptable electronic product recycling standard): In 2018, 100% of the end-of-life products processed on behalf of IBM in the U.S. and Canada were sent to R2 certified suppliers. In the EU, 65.3% of end-of life products were processed by WEEELABEX certified suppliers or through government approved programs. Considering the limited coverage of these standards in the EU and the high number of countries in Europe that are covered by our program, we expect increase in the next couple of years, but full coverage will be available only with further governmental action, like binding/requesting recycling standard certification on processors' activities. It is important to note that all suppliers that are managing end-of-life products for IBM have been subject to our environmental evaluation process described above, even if the supplier is third party certified for an acceptable recycling standard.

References:

- IBM Supply Chain Social & Environmental Mgmt Systems
- Supply Chain Social Responsibility website
- Supply Chain Social and Environmental Management System Supp...
- IBM Annual Environmental Report
- 2019 IBM Corporate Responsibility Report
- IBM and Environment Report 2019

New Suppliers that were Screened Using Environmental Criteria GRI 308-1

Environmental / Supplier Environmental Assessment / New Suppliers that were Screened Using Environmental Criteria GRI 308-1

Percentage of new suppliers that were screened using environmental criteria.

% of new suppliers screened from total of new suppliers:	100

Additional Comments

Since 2010, all suppliers with whom IBM has commercial relationship are required to establish & maintain a management system to address their corporate and environmental responsibilities. The requirements are summarized as follows:
- 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, at minimum 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.

The full set of requirements of doing or continuing to do business with IBM are available using the referenced web link for Env Requirements in the Supply Chain.
Additionally, Category II Suppliers (i.e. those with a potential and significant environmental impact associated with an IBM specified activity, including suppliers where IBM specifies raw materials, development and manufacturing process materials, and/or methods which are outside the typical business activities of the supplier), and Category III suppliers (i.e. those that provide Hazardous Waste and Nonhazardous Special Waste management services, or Product End of Life Management services for IBM), or its contracted service providers, must have an environmental assessment performed or directed by IBM prior to being contracted.

References:

- Env Requirements in the Supply Chain
- IBM Environmental Management system requirements for supplie...
- IBM's ISO 14001 & ISO 50001 Registrations
- Supply Chain Social Responsibility website
- IBM and Environment Report 2019 Page(s) 58- 62

Deemed material? Yes

Negative Environmental Impacts in the Supply Chain and Actions Taken GRI 308-2

Environmental / Supplier Environmental Assessment / Negative Environmental Impacts in the Supply Chain and Actions Taken GRI 308-2

Number of suppliers assessed for environmental impacts and the number identified as having significant actual and potential negative environmental impacts.

Number of suppliers subject to environmental impact assessments:	404
Number of suppliers identified as having significant actual and potential negative environmental impacts:	0
Significant actual and potential negative environmental impacts identified in the supply chain:	As per IBM EMS, all Category II and Category III suppliers must have an environmental assessment performed or mandated by IBM prior to contracting. IBM does not contract with suppliers having significant negative impact to IBM. A negative environmental assessment refrains IBM from contracting with those suppliers
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment:	0
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment:	0
Reason(s) for negative environmental impact terminations:	Significant negative environmental impacts of any kind means not contracting or termination of contracts.

Additional Comments

Environmental Assessment were completed for 14 Category II and 66 category III Suppliers in 2019.
Category II Suppliers include suppliers in which one or more of the following occurs at their location(s):

- Any services for which IBM specifies, provides or consigns chemicals or chemical using equipment.
- Any operations for which IBM specifies methods that are outside the supplier’s typical business activities and, as a result, the supplier alters its normal environmental related activities (such as changing environmental controls or permits).
- Storing and/or repackaging IBM owned chemicals.
- Cleaning, decontaminating and/or recycling IBM owned chemical or waste containers.
- Repairing manufacturing or process equipment, or repairing or Refurbishing parts and / or components for use in IBM’s service operations.
- Remanufacturing or Refurbishing EOL products on behalf of IBM where Hazardous Wastes generated by the processes are sent to IBM approved Category III Suppliers.
- Destruction of data contained in electronic storage media (e.g., tapes, disks, or other media, including USB flash and hard disk drives) by manual or mechanical means such as shredding, or electro-magnetic wiping (degaussing) or combinations thereof.

Category III Suppliers include:

- suppliers providing Hazardous Waste and Nonhazardous Special Waste management services,
- suppliers providing product end-of-life management services
- EPR solutions used by IBM when IBM has been the producer of covered products and must take them back from clients for disposition. EPR solutions may be:

- Collective (when IBM joins a collective system or program established by multiple manufacturers to fulfill their responsibilities), or
- Individual (when IBM establishes an individual take back and recovery solution. IBM may use a PELM supplier’s facility

EPR solutions used by IBM when IBM has been the end user of products manufactured by others and which IBM is sending back for recycling and/or disposal. EPR solutions may be collective or individual.

References:

- IBM Environmental Management system requirements for supplie...
- Environmental evaluations of suppliers
- IBM's Worldwide Environmental Management System
- IBM and Environment Report 2019

Deemed material? No

Social

Employment

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

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

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

Topic: GRI 401 Employment	
103-1: Explanation of the material topic and its Boundary	Please see the IBMer section of the 2019 Corporate Responsibility Report and IBM's Global Employment Standards.
103-2: The management approach and its components	Please see the IBMer section of the 2019 Corporate Responsibility Report and IBM's Global Employment Standards.
103-3: Evaluation of the management approach	Please see the IBMer section of the 2017 Corporate Responsibility Report and IBM's Global Employment Standards.

Additional Comments

To thrive in an ever-changing world, we must continue to reinvent how we work and inspire IBMers in their careers. We provide personalized guidance and resources—augmented by AI and supported by digital, social and mobile technology—so that IBMers around the world can enjoy satisfying careers, increase their expertise, learn from others and engage in their professional development. Our investment in skills, combined with the use of design thinking and agile practices as standards of working and a clear drive to foster an inclusive and diverse workforce where employees can bring their whole selves to work,have created a workplace uniquely capable of delivering better solutions in less time. Learn more about IBM's employment approach in our 2017 Corporate Responsibility report.

References:

Global Employment Standards

2019 IBM Corporate Responsibility Report

New Employee Hires and Employee Turnover GRI 401-1

Social / Employment / New Employee Hires and Employee Turnover GRI 401-1

Total number and rates of new employee hires and employee turnover by age group, gender, and region.

New Employee Hires			2019		2018		2017		2016	
Area of Operations	Age Group	Employee Category	Total Number	Rate	Total Number	Rate	Total Number	Rate	Total Number	Rate
Employee Turnover										
Public Disclosure No, we do not publicly disclose our employee turnover rates										

Reason for Omission:
Confidentiality constraints
Specific confidentiality constraints:
IBM Corporate decision

Additional Comments

We consider this information to be proprietory and therefore do not publicly disclose it.

Benefits Provided to Full-Time Employees that are Not Provided to Temporary or Part-Time Employees GRI 401-2

Social / Employment / Benefits Provided to Full-Time Employees that are Not Provided to Temporary or Part-Time Employees GRI 401-2

Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation.

Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations:

- [x] Life insurance
- [x] Accident insurance
- [x] Adoption or fertility assistance programs
- [x] Disability/invalidity insurance
- [x] Mortgages and loans
- [x] Pension plans/retirement provision
- [x] Maternity and/or paternity leave
- [x] Child care
- [x] Job security initiatives for redeployment, including retraining, relocation, work-sharing and outplacement services
- [x] Flexible workschemes and work-sharing
- [ ] Recall rights for laid-off employees
- [x] Stock ownership
- [x] Vacation
- [x] Paid sick days
- [x] PTO (including any of the following: unspecified, vacation and/or sick days)
- [x] Insurance: Healthcare Employee
- [x] Insurance: Healthcare Family
- [x] Insurance: Healthcare Domestic Partner
- [x] Insurance: Dental
- [x] Insurance: Vision
- [x] Insurance: AD&D
- [x] Insurance: Short Term Disability
- [x] Insurance: Long Term Disability
- [x] Employee Assistance Program
- [x] Education Benefits: Employee
- [ ] Education Benefits: Family
- [x] Sabbatical Program
- [x] Relocation Assistance
- [x] Work/Life Support Program
- [x] Wellness/Fitness Program
- [x] Onsite Fitness Facilities
- [x] Onsite Recreation Facilities
- [x] Stock Options
- [x] Stock Purchase Plan
- [x] Employee Profit Sharing
- [x] Retirement: Defined Benefit Plan (including pension plans)
- [x] Childcare: Other
- [x] Bereavement Leave
- [x] Tuition reimbursement (other than career training)
- [ ] Gym facilities or gym fee reimbursement programs
- [ ] Higher education scholarship programs, for either employees or their relatives
- [x] Preventative healthcare programs
- [x] Flex scheduling
- [x] Telecommuting options
- [x] Public transportation subsidy
- [x] Carpooling support programs
- [x] Employee recognition programs
- [x] Paid time off for employee volunteers
- [x] Workforce training, skills, and leadership development programs
- [x] Matching gift program
- [x] Mentoring Program
- [x] Others
- [ ] No additional benefits offered

- [x] We publicly disclose one or more of the benefits we offer employees (This does not count disclosure found in the company's required filing with the SEC).

Additional Comments

IBM is a global company with various employment categories globally to meet the needs of the business while complying with local practices and legal requirements. IBM offers a competitive wage and benefits package to employees in each country. In general, part-time employee's benefits are the same as full-time employee's benefits except they may cost more, due to a lower subsidy level or are prorated based on hours worked and years of service. In addition, there is an employee supplemental category that could or could not receive the same benefits as the regular full-time or part-time employees, depending on local practices and regulations.

Deemed material? No

Parental Leave GRI 401-3

Social / Employment / Parental Leave GRI 401-3

Number and retention rates of employees entitled to, that took, and that returned to work from parental leave.

	2019	2018	2017	2016
Number of female employees by gender that were entitled to parental leave:				
Number of male employees by gender that were entitled to parental leave:				
Number of female employees by gender that took parental leave:				
Number of male employees by gender that took parental leave:				
Number of female employees who returned to work after parental leave ended:				
Number of male employees who returned to work after parental leave ended:				
Number of female employees who returned to work after parental leave ended who were still employed twelve months after their return to work:				
Number of male employees who returned to work after parental leave ended who were still employed twelve months after their return to work:				
Return to work and retention rates of female employees who returned to work after leave:				
Return to work and retention rates of male employees who returned to work after leave:				

Reason for Omission:

Not Applicable

Why considered not applicable:

IBM does not disclose this level of information. IBM will meet or exceed legal requirements regarding parental leaves, supporting the employee's transition back to work.

Additional Comments

IBM does not disclose this level of information. IBM will meet or exceed legal requirements regarding parental leaves, supporting the employee's transition back to work.

Labor/Management Relations

Management Approach: Labor/Management Relations GRI 103-1, 103-2, 103-3

Social / Labor/Management Relations / Management Approach: Labor/Management Relations GRI 103-1, 103-2, 103-3

Explanation of Labor/Management Relations as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.

Topic: GRI 402 Labor Management Relations	
103-1: Explanation of the material topic and its Boundary	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. The Company’s long-standing belief is that the interests of IBM and its employees are best served through a favorable, collaborative work environment with direct communication between employees and management. IBM endeavors to establish such favorable employment conditions, to promote positive relationships between employees and managers, to facilitate employee communications, and to support employee development.
103-2: The management approach and its components	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. The Company’s long-standing belief is that the interests of IBM and its employees are best served through a favorable, collaborative work environment with direct communication between employees and management. IBM endeavors to establish such favorable employment conditions, to promote positive relationships between employees and managers, to facilitate employee communications, and to support employee development.
103-3: Evaluation of the management approach	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. The Company’s long-standing belief is that the interests of IBM and its employees are best served through a favorable, collaborative work environment with direct communication between employees and management. IBM endeavors to establish such favorable employment conditions, to promote positive relationships between employees and managers, to facilitate employee communications, and to support employee development.

Additional Comments

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. The Company’s long-standing belief is that the interests of IBM and its employees are best served through a favorable, collaborative work environment with direct communication between employees and management. IBM endeavors to establish such favorable employment conditions, to promote positive relationships between employees and managers, to facilitate employee communications, and to support employee development.

References:

Global Employment Standards

Minimum Notice Periods Regarding Operational Changes GRI 402-1

Social / Labor/Management Relations / Minimum Notice Periods Regarding Operational Changes GRI 402-1

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 Assesment, and Incident Investigation GRI 403-2

Social / Occupational Health and Safety / Hazard Identification, Risk Assesment, 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
- Human Resources (HR@IBM)
- Concerns and Appeals Program
- Accident investigations (local)
- 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 in the Health and Safety Academy. 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
- 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:

2019 IBM 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.

	2019	2018	2017	2016
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	199	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	2019	2018	2017	2016
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:	0.24	0.26	0.25	0.29
Number of hours worked:				
Main types of work-related injury: The main types of work-related injuries among IBM employees include (1) falls, (2) vehicular accidents, and (3) stepping on, striking against or struck by objects excluding falling objects.				
Non-Employees	**2019**	**2018**	**2017**	**2016**
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 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	2019	2018	2017	2016
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	**2019**	**2018**	**2017**	**2016**
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

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

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

Topic: GRI 404 Training and Education	
103-1: Explanation of the material topic and its Boundary	Please refer to the IBMer section of the 2019 Corporate Responsibility Report.
103-2: The management approach and its components	Please refer to the IBMer section of the 2019 Corporate Responsibility Report.
103-3: Evaluation of the management approach	Please refer to the IBMer section of the 2019 Corporate Responsibility Report.

Additional Comments

IBM’s digital learning platform, Your Learning, uses Watson™ AI technology to generate personalized recommendations for IBMers. We expanded it in 2019 by launching Your Learning Boost, a personalized app that enables peer-to-peer collaboration and social sharing, similar to a fitness tracker. Available 24/7 on mobile and desktop devices, these platforms enable IBMers to set learning and skilling goals, challenge others, and receive digital nudges and notifications. Your Learning now integrates with Credly badges — digital credentials that can be shared on social and professional networks, showcasing learning and skills achievements in real time. Also new in 2019 is a learning dashboard for IBM managers. It helps them better understand, in real time, their teams’ skills and learning goals. This dashboard is driving more informed conversations between managers and IBMers and helping to improve development plans and learning recommendations. These new tools, backed by a campaign to drive continuous learning deeper into our company culture, resulted in an average of 77 learning hours per IBMer in 2019, increased over 20% from 2018.

References:

2019 IBM Corporate Responsibility Report

Average Hours of Training Per Year Per Employee GRI 404-1

Social / Training and Education / Average Hours of Training Per Year Per Employee GRI 404-1

Average hours of training that the organization’s employees have undertaken during the reporting period.

Employee category	Male 2019	Female 2019	Male 2018	Female 2018	Male 2017	Female 2017	Male 2016	Female 2016
Overall Average:								

Additional Comments

IBM’s digital learning platform, Your Learning, uses Watson™ AI technology to generate personalized recommendations for IBMers. We expanded it in 2019 by launching Your Learning Boost, a personalized app that enables peer-to-peer collaboration and social sharing, similar to a fitness tracker. Available 24/7 on mobile and desktop devices, these platforms enable IBMers to set learning and skilling goals, challenge others, and receive digital nudges and notifications. Your Learning now integrates with Credly badges — digital credentials that can be shared on social and professional networks, showcasing learning and skills achievements in real time. Also new in 2019 is a learning dashboard for IBM managers. It helps them better understand, in real time, their teams’ skills and learning goals. This dashboard is driving more informed conversations between managers and IBMers and helping to improve development plans and learning recommendations. These new tools, backed by a campaign to drive continuous learning deeper into our company culture, resulted in an average of 77 learning hours per IBMer in 2019, increased over 20% from 2018.

References:

2019 IBM Corporate Responsibility Report Page(s) 19

Deemed material? Yes

Programs for Upgrading Employee Skills and Transition Assistance Programs GRI 404-2

Social / Training and Education / Programs for Upgrading Employee Skills and Transition Assistance Programs GRI 404-2

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

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.

IBM's digital learning platform, Your Learning, uses Watson™ AI technology to generate personalized recommendations for IBMers. We expanded it in 2019 by launching Your Learning Boost, a personalized app that enables peer-to-peer collaboration and social sharing, similar to a fitness tracker. Available 24/7 on mobile and desktop devices, these platforms enable IBMers to set learning and skilling goals, challenge others, and receive digital nudges and notifications. Your Learning now integrates with Credly badges — digital credentials that can be shared on social and professional networks, showcasing learning and skills achievements in real time. Also new in 2019 is a learning dashboard for IBM managers. It helps them better understand, in real time, their teams' skills and learning goals. This dashboard is driving more informed conversations between managers and IBMers and helping to improve development plans and learning recommendations. These new tools, backed by a campaign to drive continuous learning deeper into our company culture, resulted in an average of 77 learning hours per IBMer in 2019, increased over 20% from 2018.

References:

Reinventing Digital Learning with a Digital Marketplace Stra...

2019 IBM Corporate Responsibility Report

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 2019	Female 2019	Total 2019	Male 2018	Female 2018	Total 2018	Male 2017	Female 2017	Total 2017	Male 2016	Female 2016	Total 2016
Total workforce	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 117- Workforce Diversity
103-2: The management approach and its components	Please see Corporate Policy 117- Workforce Diversity
103-3: Evaluation of the management approach	Please see Corporate Policy 117- 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.
Business activities such as hiring, promotion, and compensation of employees, are conducted without regard to race, color, religion, gender, gender identity or expression, sexual orientation, national origin, genetics, disability, or age. These business activities and the design and administration of IBM benefit plans comply with all applicable laws, including those dealing with equal opportunity. For qualified people with disabilities, IBM makes workplace accommodations that comply with applicable laws, and which IBM determines are reasonable and needed for effective job performance. In respecting and valuing the diversity among our employees, and all those with whom we do business, managers are expected to ensure a working environment that is free of all forms of harassment.
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.
https://www.ibm.org/respo...

References:

Corporate Policy 117-Workforce Diversity

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												
	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												
Managers												
Employee Average Age:												
Data publicly available: No												

Additional Comments

Please refer to the workforce demographics on page 62 of the 2019 Corporate Responsibility report: https://www.ibm.org/respo...

References:

2019 IBM Corporate Responsibility Report

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	2019 Ratio	2018 Ratio	2017 Ratio	2016 Ratio
Total Home Country:				
Total Worldwide:				
Organization breaks out gender pay gap:				
Definition of "significant location":				

Reason for Omission:
Unavailable
Steps being taken to obtain data and expected time frame for doing so:

Additional Comments

IBM does not collect 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) and our Global Policie 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 IBM global employment standards: https://www.ibm.org/respo...
103-3: Evaluation of the management approach	Please see IBM global employment standards: https://www.ibm.org/respo...

References:

- Global Employment Standards
- 2019 IBM 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.

	2019	2018	2017	2016		
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
Why 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

Explanation of Freedom of Association and Collective Bargaining as a material topic and its Boundary, the management approach and its components, and the evaluation of the management approach.

Topic: GRI 407 Freedom of Association and Collective Bargaining	
103-1: Explanation of the material topic and its Boundary	
103-2: The management approach and its components	
103-3: Evaluation of the management approach	

Additional Comments

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. Please see our policies at https://www.ibm.org/respo...

References:

Global Employment Standards

Operations and Suppliers in which the Right To Freedom of Association and Collective Bargaining May Be At Risk GRI 407-1

Social / Freedom of Association and Collective Bargaining / Operations and Suppliers in which the Right To Freedom of Association and Collective Bargaining May Be At Risk GRI 407-1

Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk.

None. IBM will respect the legal rights of its employees to join or to refrain from joining worker organizations, including labor organizations or trades unions. IBM complies with legal requirements worldwide regarding employee and third-party involvement. IBM respects the rights of employees to organize, and makes managers at all levels aware of those rights. The company's long-standing belief is that the interests of IBM and its employees are best served through a favorable, collaborative work environment with direct communication between employees and management. IBM endeavors to establish such favorable employment conditions, to promote positive relationships between employees and managers, to facilitate employee communications, and to support employee development.

References:

Global Employment Standards

Deemed material? No

Child Labor

Management Approach: Child Labor GRI 103-1, 103-2, 103-3

Social / Child Labor / Management Approach: Child Labor GRI 103-1, 103-2, 103-3

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

Topic: GRI 408 Child Labor	
103-1: Explanation of the material topic and its Boundary	
103-2: The management approach and its components	
103-3: Evaluation of the management approach	

Additional Comments

Child labor is the subject of one of IBM's Global Employment Standards according to which 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 apprenticeship, internship and other similar programs which comply with all laws and regulations applicable to such programs. Employees under the age of 18 shall not perform work that is likely to jeopardize the health or safety of young workers. 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.

The Global Employment Standards are part of the formal corporate policies 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. We spend considerable resources to ensure compliance with corporate standards, guidelines and instructions.

Please see our policies at https://www.ibm.org/respo...

Operations and Suppliers at Significant Risk for Incidents of Child Labor GRI 408-1

Social / Child Labor / Operations and Suppliers at Significant Risk for Incidents of Child Labor GRI 408-1

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	
103-2: The management approach and its components	
103-3: Evaluation of the management approach	

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.

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

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

Topic: GRI 410 Security Practices	
103-1: Explanation of the material topic and its Boundary	**IT Security Management Program** IBM has an enterprise-level, IT security management program, including policies, practices, controls, employee education, incident reporting, and reviews, that endeavors to mitigate the risk of loss and misuse of IBM critical information and help prevent the disruption of IBM's business operations. The program takes a broad range of potential security risks into consideration such as, technological, human, and natural. The program's structure is influenced by several industry security standards and frameworks, such as National Institute of Standards and Technology (NIST) and International Organization for Standardization (ISO).
103-2: The management approach and its components	**IT Security Management Program** IBM has an enterprise-level, IT security management program, including policies, practices, controls, employee education, incident reporting, and reviews, that endeavors to mitigate the risk of loss and misuse of IBM critical information and help prevent the disruption of IBM's business operations. The program takes a broad range of potential security risks into consideration such as, technological, human, and natural. The program's structure is influenced by several industry security standards and frameworks, such as National Institute of Standards and Technology (NIST) and International Organization for Standardization (ISO).
103-3: Evaluation of the management approach	**IT Security Management Program** IBM has an enterprise-level, IT security management program, including policies, practices, controls, employee education, incident reporting, and reviews, that endeavors to mitigate the risk of loss and misuse of IBM critical information and help prevent the disruption of IBM's business operations. The program takes a broad range of potential security risks into consideration such as, technological, human, and natural. The program's structure is influenced by several industry security standards and frameworks, such as National Institute of Standards and Technology (NIST) and International Organization for Standardization (ISO).

Additional Comments

IBM's Business Conduct Guidelines (BCGs) is our code of business conduct and ethics for all our employees which includes security related topics for our contractors is handled by their contract employer.

References:

IBM Trust Center - Security

Security Personnel Trained in Human Rights Policies or Procedures GRI 410-1

Social / Security Practices / Security Personnel Trained in Human Rights Policies or Procedures GRI 410-1

Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.

	2019	2018	2017	2016
Percentage of security personnel who have received formal training in the organization’s human rights policies or specific procedures and their application to security	100%	100%	100%	100%
Training requirements regarding human rights issues also apply to third party organizations providing security personnel No				

Additional Comments

IBM's Business Conduct Guidelines (BCGs) is our code of business conduct and ethics for all our employees including our security employees. Training requirements for our contractors is handled by their contract employer.

Deemed material? No

Rights of Indigenous Peoples

Management Approach: Rights of Indigenous Peoples GRI 103-1, 103-2, 103-3

Social / Rights of Indigenous Peoples / Management Approach: Rights of Indigenous Peoples GRI 103-1, 103-2, 103-3

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

Topic: GRI 411 Rights of Indigenous Peoples	
103-1: Explanation of the material topic and its Boundary	Please refer to IBM human rights principles https://www.ibm.org/respo...
103-2: The management approach and its components	Please refer to IBM human rights principles https://www.ibm.org/respo...
103-3: Evaluation of the management approach	Please refer to IBM human rights principles https://www.ibm.org/respo...

References:

2019 IBM Corporate Responsibility Report

Incidents of Violations Involving Rights of Indigenous Peoples GRI 411-1

Social / Rights of Indigenous Peoples / Incidents of Violations Involving Rights of Indigenous Peoples GRI 411-1

Total number of incidents of violations involving rights of indigenous people and actions taken.

	2019	2018	2017	2016		
Total number of identified incidents involving indigenous rights	0	0	0	0		
Incidents (reporting year only)					Status of incident	Actions taken
					☐ 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:
Unavailable
Steps being taken to obtain data and expected time frame for doing so:
N/A

Additional Comments

IBM complies with all applicable laws in every geography it operates in. Similar to what happens with other employers with the size of IBM, from time to time, claims from indigenous populations are made against the Company, however this is not frequent. IBM defends those claims to the fullest extent permitted by law. There might be some countries that would track indigenous - where such population groupss like that exist - but in mostmany countries, IBM's main focus is on minority groups vs.. non minority, fostering a diverse and inclusive work environment where employees can bring their whole self to work. but it difficult to work on a global agreement. Additionally, IBM will not discriminate based on age, gender, religion, ethnic group or sexual orientation.

Deemed material? No

Human Rights Assessment

Management Approach: Human Rights Assessment GRI 103-1, 103-2, 103-3

Social / Human Rights Assessment / Management Approach: Human Rights Assessment GRI 103-1, 103-2, 103-3

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

Topic: GRI 412 Human Rights Assessment	
103-1: Explanation of the material topic and its Boundary	
103-2: The management approach and its components	
103-3: Evaluation of the management approach	

Additional Comments

We have frequent employee and labour relations/rights risk assessments of our own operations in various countries across the world as well as thorough audits of compliance of our policies, including human resources, with applicable legislation and corporate policies and instructions, including IBM's Human Rights Statement of Principles. In addition, we are subject to extensive audits of our own facilities and we audit also many supplier operations - in particular through the Responsible Business Alliance (formerly the EICC -Electronic Industry Citizenship Coalition-) audit process.

References:

RBA Code of Conduct V6.0

RBA Validated Assessment Process (VAP)

Operations That Have Been Subject to Human Rights Reviews or Impact Assessments GRI 412-1

Social / Human Rights Assessment / Operations That Have Been Subject to Human Rights Reviews or Impact Assessments GRI 412-1

Total number and percentage of operations that have been subject to human rights reviews or impact assessments.

Country	# of Operations	% Operations
Total		

Reason for Omission:
Unavailable
Steps being taken to obtain data and expected time frame for doing so:
We do not undertake specific human rights reviews or impact assessments. But we do have frequent employee and labour relations/rights risk assessments of our own operations in various countries across the world as well as thorough audits of compliance of our policies, including human resources, with applicable legislation and corporate policies and instructions. In addition, we are subject to extensive audits of our own facilities and we audit also many supplier operations - in particular through the Responsible Business Alliance (RBA) (formerly known as the Electronic Industry Citizenship Coalition) audit process.

References:

RBA Code of Conduct V6.0

RBA Validated Assessment Process (VAP)

Deemed material? No

Employee Training on Human Rights Policies or Procedures GRI 412-2

Social / Human Rights Assessment / Employee Training on Human Rights Policies or Procedures GRI 412-2

Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

	2019	2018	2017	2016
Total number of hours devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations:				
Percentage of employees in the reporting period trained in human rights policies or procedures concerning aspects of human rights that are relevant to operations:				

Reason for Omission:
Unavailable
Steps being taken to obtain data and expected time frame for doing so:
See additional comments below

Additional Comments

IBM has provided the average number of paid training days per employee, but does not break down this data by the subjects taken by each employee. IBM's Values and Business Conduct Guidelines specify IBM's standards of business ethics, basic values, and principles. All employees are asked to undertake training in relation to the Business Conduct Guidelines on an annual basis and certify that they have read and understand them. In addition, all employees are asked to undertake additional training on specific items such as data privacy on an annual basis.

Deemed material? No

Significant Investment Agreements and Contracts That Include Human Rights Clauses or That Underwent Human Rights Screening GRI 412-3

Social / Human Rights Assessment / Significant Investment Agreements and Contracts That Include Human Rights Clauses or That Underwent Human Rights Screening GRI 412-3

Total number and percentage of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening.

Definition of 'significant investment agreements':	2019		2018		2017		2016	
	Number	%	Number	%	Number	%	Number	%
Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening								

Additional Comments

IBM's relationships are with suppliers or partners. Our agreements with them require compliance with our standards as noted in our policies. Our global human rights principles are public and can be found at https://www.ibm.org/responsibility/policies

References:

Global Employment Standards

Local Communities

Management Approach: Local Communities GRI 103-1, 103-2, 103-3

Social / Local Communities / Management Approach: Local Communities GRI 103-1, 103-2, 103-3

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

Topic: GRI 413 Local Communities	
103-1: Explanation of the material topic and its Boundary	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.
103-2: The management approach and its components	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.
103-3: Evaluation of the management approach	We report on our CSR KPIs yearly please refer to : https://www.ibm.org/respo...

References:

2019 IBM Corporate Responsibility Report

Operations with Local Community Engagement, Impact Assessments, and Development Programs GRI 413-1

Social / Local Communities / Operations with Local Community Engagement, Impact Assessments, and Development Programs GRI 413-1

Percentage of operations with implemented local community engagement, impact assessments, and/or development programs.

% of operations with implemented local community engagement, impact assessments, and development programs:	

Additional Comments

IBM does not report on a percentage of operations; however please see the Social Impact section of our Corporate Responsibility Report for local community engagement and development programs.

IBM's CSR programs deliver local community development programs based on local communities' needs. In 2018, IBM contributed $728.9M to support the communities we operate in.

For IBM's Environmental impact assessments and ongoing monitoring, please see the Environment section of our Corporate Responsibility report.

References:

2019 IBM Corporate Responsibility Report

Deemed material? Yes

Operations with Significant Actual and Potential Negative Impacts on Local Communities GRI 413-2

Social / Local Communities / Operations with Significant Actual and Potential Negative Impacts on Local Communities GRI 413-2

Operations with significant actual and potential negative impacts on local communities.

Operations with significant potential or actual negative impacts on local communities	Location of the operations with significant potential or negative impacts	Potential or actual negative impacts of operations

Additional Comments

Our corporate environmental affairs policy objectives range from workplace safety, pollution prevention and energy conservation to product design for the environment and the application of IBM's expertise to help address some of the world's most pressing environmental problems. In particular the IBM environmental policy requires: "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."

The policy is supported by corporate directives that govern IBM's conduct and operations worldwide. These directives cover areas such as pollution prevention, chemical and waste management, energy management and climate protection, environmental evaluation of suppliers, product stewardship, and incident prevention and reporting.

IBM's commitment to environmental leadership is implemented through our Global Environmental Management System (EMS) which requires and confirms that we operate to the same high standards all across the world.

Environmental goals are an important part of IBM's EMS. We maintain environmental goals covering the range of our environmental programs, including climate protection, energy and water conservation, pollution prevention, waste management and product stewardship.

IBM has a variety of means to contact the company regarding concerns related to its operations, services, and/or products. The IBM website offers contact phone numbers and email addresses for each country where there is an IBM presence, or for an IBM business partner in countries where IBM does not have a presence. http://www.ibm.com/contac...

Based on the execution of these processes and to the best of our knowledge, we do not have operations with significant potential or actual negative impacts on local communities.

Supplier Social Assessment

Management Approach: Supplier Social Assessment GRI 103-1, 103-2, 103-3

Social / Supplier Social Assessment / Management Approach: Supplier Social Assessment GRI 103-1, 103-2, 103-3

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

Topic: GRI 414 Supplier Social Assessment	
103-1: Explanation of the material topic and its Boundary	For IBM, our efforts in Supply Chain Social Responsibility (SCSR) trace back to 2004, when a team of procurement professionals were established and dedicated to focusing on this topic. This team created IBM's first Supplier Code of Conduct that set forth requirements in areas such as: Labor, Health & Safety, Environmental, Ethics, and Management Systems. In this same time frame, IBM joined efforts with a small number of like-minded electronics firms to create the Electronic Industry Citizenship Coalition (EICC). The EICC established a consolidated code for the sector and worked to create a third party audit protocol to vet compliance with the EICC Code. As the EICC Code and Audit protocol matured, IBM transitioned to these as the single code/audit protocol for our global network of suppliers of goods and services. In October 2017, EICC re-branded itself as the Responsible Business Alliance (RBA).
103-2: The management approach and its components	IBM requires RBA Code compliance as a term and condition of its commercial relationships with its global network of suppliers of goods and services. Compliance wording is included in contracts and/or purchase orders. We communicate these requirements from the onset of new supplier on boarding before any purchasing begins. For established suppliers, IBM communicates with its suppliers when updates to the RBA code take place, typically on a three year basis. On an annual basis, IBM requires a sample of its suppliers of goods and services (in high risk countries) to contract with RBA for third party Validated Audits to vet compliance to the RBA code. The IBM SCSR team works with Purchasing to communicate and drive these assessments. The SCSR team analyzes the RBA audit results and engages with suppliers for any noncompliance found. Suppliers are required to produce an acceptable Corrective Action Plan (CAP) which the SCSR team reviews for quality and completeness. RBA re-audits are conducted to vet closure of the CAPs. On a monthly basis, IBM's SCSR team provides Procurement leadership with a detailed report of all suppliers audits, CAPs, and re-audits; quarterly reviews are likewise conducted with the Chief Procurement Officer . Details of the SCSR approach and aggregated results of the RBA audits are provided in the Supply Chain section of the annual Corporate Responsibility Report.
103-3: Evaluation of the management approach	On an ongoing basis, IBM charters RBA audits on a rotating sample of its internal manufacturing facilities to vet compliance to the RBA Code. Required by RBA membership, IBM is assessed for compliance with the RBA Code, including all Management Systems provisions, inclusive of those associated with SCSR and deployment of the RBA code into the upstream supply chain (first tier suppliers). Results of these RBA audits have verified that IBM's SCSR work meets (or exceeds) that which is required in the RBA Code Management Systems provisions.

Additional Comments

For additional details please see our full spectrum of Procurement programs described in the Global Procurement website: https://www.ibm.com/procu...

References:

- RBA Code of Conduct V6.0
- RBA Validated Assessment Process (VAP)
- 2019 IBM Corporate Responsibility Report

New Suppliers that were Screened Using Social Criteria GRI 414-1

Social / Supplier Social Assessment / New Suppliers that were Screened Using Social Criteria GRI 414-1

Percentage of new suppliers that were screened using social criteria.

	2019	2018	2017	2016
Percentage (%) of new suppliers that were screened using social criteria:	% 85	% 85	% 85	%

Additional Comments

IBM subjects new suppliers (with projected annual spend greater than $20K) to an on-boarding process that includes a supplier declaration regarding their compliance to the RBA Code of Conduct (. Declaration is performed by answering questions relating to labor practices that are aligned with the RBA Code of Conduct. Approx. 85% of new suppliers are assessed, having projected spend greater than $20K/year. If a supplier indicates they have deficiencies against the code, there is a provision to provide a Corrective Action Plan that closes within 12 months.

References:

RBA Code of Conduct V6.0

Deemed material? No

Negative Social Impacts in the Supply Chain and Actions Taken GRI 414-2

Social / Supplier Social Assessment / Negative Social Impacts in the Supply Chain and Actions Taken GRI 414-2

Suppliers identified as having significant actual and potential negative social impacts.

	2019	2018	2017	2016
Number of suppliers assessed for social impacts:	50	62	45	63
Number of suppliers identified as having significant actual and potential negative social impacts:	3	6	8	8
Significant actual and potential negative social impacts identified in the supply chain:	IBM uses RBA audits to vet compliance of its suppliers to the RBA Code. As described in the 2019 Corp Resp Report, 6% of the audited suppliers had either major and/or minor noncompliance in the Ethics provision of the RBA Code which is the provision associated with this GRI section.	IBM uses RBA audits to vet compliance of its suppliers to the RBA Code. As described in the 2018 Corp Resp Report, 10% of the audited suppliers had either major and/or minor noncompliance in the Ethics provision of the RBA Code which is the provision associated closely with this GRI section. Majority of findings were related to documented policies and practices as opposed to actual violations of significant ethical requirements or behavior.	IBM uses RBA audits to vet compliance of its suppliers to the RBA Code. As described in the 2017 Corp Resp Report, 18% of the audited suppliers had either major and/or minor noncompliance in the Ethics provision of the RBA Code which is the provision associated closely with this GRI section. Majority of findings were related to documented policies and practices as opposed to actual violations of significant ethical requirements or behavior.	IBM uses EICC audits to vet compliance of its suppliers to the EICC Code. As described in the 2016 Corp Resp Report, 13% of audited suppliers had either major or minor noncompliance in the Ethics provision of the EICC Code which is the provision associated closely with this GRI provision. Majority of findings were related to documented policies and practices as opposed to actual violations of Ethical provisions.
Percentage (%) of suppliers identified as having significant actual and potential negative social impacts				
Suppliers with which improvements were agreed upon as a result of assessment:	100	100	100	100
Suppliers with which relationships were terminated as a result of assessment:	0	0	0	0
Details on the termination of relationships as a result of assessment:				

References:

- RBA Code of Conduct V6.0
- 2017 Corporate Responsibility Report
- 2018 Corporate Responsibility Report
- 2019 IBM Corporate Responsibility Report

Deemed material? No

Public Policy

Management Approach: Public Policy GRI 103-1, 103-2, 103-3

Social / Public Policy / Management Approach: Public Policy GRI 103-1, 103-2, 103-3

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

Topic: GRI 415 Public Policy	
103-1: Explanation of the material topic and its Boundary	As businesses and governments break new ground and deploy technologies that are positively transforming our world, we work collaboratively on public policies to meet the challenges of tomorrow. IBM Policy Lab convenes leading thinkers in public policy, academia, and technology to develop the concrete, common-sense policy ideas leveraging technology to tackle some of the most pressing issues facing our world. Our approach is grounded in the belief that tech can continue to disrupt and improve civil society while protecting individual privacy.
103-2: The management approach and its components	As businesses and governments break new ground and deploy technologies that are positively transforming our world, we work collaboratively on public policies to meet the challenges of tomorrow. IBM Policy Lab convenes leading thinkers in public policy, academia, and technology to develop the concrete, common-sense policy ideas leveraging technology to tackle some of the most pressing issues facing our world. Our approach is grounded in the belief that tech can continue to disrupt and improve civil society while protecting individual privacy.
103-3: Evaluation of the management approach	As businesses and governments break new ground and deploy technologies that are positively transforming our world, we work collaboratively on public policies to meet the challenges of tomorrow. IBM Policy Lab convenes leading thinkers in public policy, academia, and technology to develop the concrete, common-sense policy ideas leveraging technology to tackle some of the most pressing issues facing our world. Our approach is grounded in the belief that tech can continue to disrupt and improve civil society while protecting individual privacy.

Reason for Omission:
Not Applicable
Why considered not applicable:

References:

IBM Policy Lab

Political Contribution GRI 415-1

Social / Public Policy / Political Contribution GRI 415-1

Total value of political contributions by country and recipient/beneficiary

Currency:	2019	2018	2017	2016
Recipient: Country:				
Data publicly available:				

Reason for Omission:

Not Applicable

Why considered not applicable:

https://www.ibm.com/blogs...

IBM has a long-standing policy not to make contributions of any kind (money, employee time, goods or services), directly or indirectly, to political parties or candidates, including through intermediary organizations, such as political action committees, campaign funds, or trade or industry associations. This policy applies equally in all countries and across all levels of government, even where such contributions are permitted by law. This policy is reflected in IBM’s Business Conduct Guidelines.

Contributions which are not permissible either as direct IBM payments or employee expense reimbursements include:

- Campaign contributions to political candidates, their election campaigns, or political parties.
- Contributions to any intermediary organization, including trade and industry associations, where those funds will be provided to candidates for public office, political parties or other intermediaries for the purpose of funding political candidates, their election campaigns, independent expenditures or electioneering communications, or political parties.
- Purchase of tickets or other payment for events where a portion of the funds will be used, directly or indirectly, to fund political candidates, their election campaigns, independent expenditures or electioneering communications, or political parties.

Because of IBM’s policy on political contributions and expenditures, IBM does not have a Political Action Committee and does not engage in independent expenditures or electioneering communications as defined by law.

IBM does not provide any contributions, including money or in-kind resources, to political parties or candidates, as per our longstanding Corporate Policy regarding Politics and Political Contributions and IBM's longstanding Business Conduct Guidelines.

Additional Comments

https://www.ibm.com/blogs...

IBM has a long-standing policy not to make contributions of any kind (money, employee time, goods or services), directly or indirectly, to political parties or candidates, including through intermediary organizations, such as political action committees, campaign funds, or trade or industry associations. This policy applies equally in all countries and across all levels of government, even where such contributions are permitted by law. This policy is reflected in IBM’s Business Conduct Guidelines.

Contributions which are not permissible either as direct IBM payments or employee expense reimbursements include:

- Campaign contributions to political candidates, their election campaigns, or political parties.
- Contributions to any intermediary organization, including trade and industry associations, where those funds will be provided to candidates for public office, political parties or other intermediaries for the purpose of funding political candidates, their election campaigns, independent expenditures or electioneering communications, or political parties.
- Purchase of tickets or other payment for events where a portion of the funds will be used, directly or indirectly, to fund political candidates, their election campaigns, independent expenditures or electioneering communications, or political parties.

Because of IBM’s policy on political contributions and expenditures, IBM does not have a Political Action Committee and does not engage in independent expenditures or electioneering communications as defined by law.

Customer Health and Safety

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

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

Explanation of Customer 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 416 Customer Health and Safety	
103-1: Explanation of the material topic and its Boundary	IBM’s Corporate Policy 127 requires that IBM provide products that are safe for use by its customers and employees. To achieve this objective, all products shall comply with applicable product safety standards and laws of countries where products are sold or placed into service.IBM products are subject to specific national regulations, standards, conformity assessment and certification requirements in countries where a product is placed on the market or into service. IBM is committed to meeting applicable legal requirements in all countries where it conducts business and meeting the company’s own hardware compliance requirements.
103-2: The management approach and its components	IBM’s Corporate Policy 127 requires that IBM provide products that are safe for use by its customers and employees. To achieve this objective, all products shall comply with applicable product safety standards and laws of countries where products are sold or placed into service.IBM products are subject to specific national regulations, standards, conformity assessment and certification requirements in countries where a product is placed on the market or into service. IBM is committed to meeting applicable legal requirements in all countries where it conducts business and meeting the company’s own hardware compliance requirements.
103-3: Evaluation of the management approach	IBM’s Corporate Policy 127 requires that IBM provide products that are safe for use by its customers and employees. To achieve this objective, all products shall comply with applicable product safety standards and laws of countries where products are sold or placed into service.IBM products are subject to specific national regulations, standards, conformity assessment and certification requirements in countries where a product is placed on the market or into service. IBM is committed to meeting applicable legal requirements in all countries where it conducts business and meeting the company’s own hardware compliance requirements.

Assessment of the Health and Safety Impacts of Product and Service Categories GRI 416-1

Social / Customer Health and Safety / Assessment of the Health and Safety Impacts of Product and Service Categories GRI 416-1

Percentage of significant product and service categories for which health and safety impacts are assessed for improvement

	2019	2018	2017	2016
Percentage of significant product or service categories that are covered by and assessed for compliance with company procedures for assessing product/service health and safety impacts:	100	100	100	100

Additional Comments

All hardware products are covered by comprehensive Corporate Instructions addressing product safety policy and hardware regulatory compliance system. In accordance with these Corporate Instructions, each product with safety impacts are required to be assessed by an IBM product safety engineer and a management level product safety review board completed prior to the placement of the product on the market.

*Assessment does not include Watson Health operations.

References:

IBM Product Stewardship

IBM Corporate Environmental Policy

Deemed material? Yes

Incidents of Non-Compliance Concerning the Health and Safety Impacts of Products and Services GRI 416-2

Social / Customer Health and Safety / Incidents of Non-Compliance Concerning the Health and Safety Impacts of Products and Services GRI 416-2

Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes

Company has not identified non-compliance with regulations or voluntary codes regarding the health and safety of its products/services				
	2019	2018	2017	2016
Total number of incidents of non-compliance with health and safety regulations resulting in a fine or penalty:	0	0	0	0
Total number of incidents of non-compliance with health and safety regulations resulting in a warning:	0	0	0	0
Total number of incidents of non-compliance with voluntary codes for health and safety:	0	0	0	0
Please describe any product safety controversies the company has experienced within the last three years. Include information about any fines, settlements, or court-imposed awards and indicate dates, amounts and any cases involving fatalities: Under IBM's corporate policy on product safety, IBM has a long tradition of excellence in product safety. The importance we place in these efforts demonstrates our commitment. Each IBM employee shares a personal responsibility to provide products that are safe for use by our customers and employees and meet applicable legal requirements and voluntary practices to which we subscribe where we operate and sell products. IBM has not experienced controversies about the safety of IBM's products within the last three years. IBM has not paid any regulatory or court-imposed fines, settlements or awards related to product safety regulatory violations in the past three years.				

Additional Comments

*Assessment does not include Watson Health operations.

Deemed material? Yes

Marketing and Labeling

Management Approach: Marketing and Labeling GRI 103-1, 103-2, 103-3

Social / Marketing and Labeling / Management Approach: Marketing and Labeling GRI 103-1, 103-2, 103-3

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

Topic: GRI 417 Marketing and Labeling	
103-1: Explanation of the material topic and its Boundary	Labeling and product information is not a material aspect of our Product Environmental programs and impacts as described under the IBM Environmental Management System (EMS). The primary, material aspect is IBM's Product Stewardship program under which we assess and minimize the environmental impacts of IBM products. The product stewardship program looks at the full range of product attributes including material use, energy use and efficiency, use of recycled materials, recyclability and reuse of product and components, and end of life product management. Product labeling is an operational issue under which IBM assures that relevant product information is available to IBM customers and clients and that IBM products and associated components and packages are properly labelled and/or have the required data and information available in product manuals, document inserts, and/or on-line website as required by the full range of local, country, and regional labeling and information requirements for products. IBM has processes to track and identify laws and regulations which require labeling and/or information disclosure for IBM products and to assure that the required labeling and information is available when products or components are shipped.
103-2: The management approach and its components	Labeling and Product Information is an operational, not a material, process for IBM. IBM Systems Product teams have the Product Environmental Stewardship team for product regulation requirements, of which product labeling is a subset. The team tracks developing, new and existing regulatory requirements to validate that IBM is meeting existing requirements and has plans in place to meet new requirements by their effective date.
103-3: Evaluation of the management approach	Labeling and Product Information is an operational, not a material, process for IBM. IBM has not had any major misses on product information and labeling requirements in the past year.

Additional Comments

All answers relate to products only. Please refer to the reference below, IBM Engineering Specification 46G3772, for information on our sourcing of components for IBM products or for the sourcing of products designed and assembled by an Original Equipment Manufacturer; material content, particularly with regard to substances that might produce an environmental or social impact; product marking and information requirements and required product documentation. For information on our Global Asset Recovery Services and product end-of-life management program please refer to the reference by the same name inserted below. IBM has a set of internal processes that support the product compliance program. These include: 1. A regulatory hunting and gathering project which identifies applicable product regulations and notifies the product development team, provides resource to advocate for acceptable regulatory outcomes and maintains a registry of applicable product regulations. 2. The Product Environmental Profile process which evaluates products for their compliance with regulatory requirements and validates that all requirements are met. 3. Product safety testing and regulatory tracking process. Collectively, these processes enable management of product compliance requirements.

References:

- Global Asset Recovery Services and product end-of-life manag...
- IBM Engineering Specification 46G3772
- IBM Product Stewardship

Requirements for Product and Service Information and Labeling GRI 417-1

Social / Marketing and Labeling / Requirements for Product and Service Information and Labeling GRI 417-1

Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements

Product/service information					Required for product/service labeling
The sourcing of components of the product or service					Yes
Content, particularly with regard to substances that might produce an environmental or social impact					Yes
Safe use of the product or service					Yes
Disposal of the product and environmental/social impacts					Yes
Other (please explain): See Supporting Information below for Engineering Specification 46G3772. The Engineering Specification includes requirements for Marking of Products and Parts, Additional Requirements for Batteries, Requirement for Decorative Metal Finishing, Product Chemical Emissions, Electrical and Electronic Products and Electronic Information Products Marks, Environmental Notifications for Customer Hardware Publications, and Product Energy Requirements. **IBM Engineering Specification 46G3772** https://www.ibm.com/ibm/e...					Yes
	2019	2018	2017	2016	
Percentage of significant product or service categories that are covered by and assessed for compliance with company procedures for product and service information and labeling:	100	100	100	100	

Additional Comments

All answers relate to products only. Please refer to the reference below, IBM Engineering Specification 46G3772, for information on our sourcing of components for IBM products or for the sourcing of products designed and assembled by an Original Equipment Manufacturer; material content, particularly with regard to substances that might produce an environmental or social impact; Product Safety requirements; product marking and information requirements and required product documentation. For information on our Global Asset Recovery Services and product end-of-life management program please refer to the reference by the same name inserted below. IBM has a set of internal processes that support the product compliance program. These include: 1. A regulatory hunting and gathering project which identifies applicable product regulations and notifies the product development team, provides resource to advocate for acceptable regulatory outcomes and maintains a registry of applicable product regulations. 2. The Product Environmental Profile process which evaluates products for their compliance with regulatory requirements and validates that all requirements are met. 3. Product safety testing and regulatory tracking process. Collectively, these processes enable management of product compliance requirements.
IBM Engineering Specification 46G3772
https://www.ibm.com/ibm/e...

*Assessment does not include Watson Health operations.

References:

Global Asset Recovery Services and product end-of-life manag...

IBM Engineering Specification 46G3772

Deemed material? Yes

Incidents of Non-Compliance Concerning Product and Service Information and Labeling GRI 417-2

Social / Marketing and Labeling / Incidents of Non-Compliance Concerning Product and Service Information and Labeling GRI 417-2

Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes

Company has not identified non-compliance with regulations or voluntary codes regarding product and service information and labeling				
	2019	2018	2017	2016
Total number of incidents of non-compliance with product and service information and labeling regulations resulting in a fine or penalty:	0	0	0	0
Total number of incidents of non-compliance with product and service information and labeling regulations resulting in a warning:	0	0	0	0
Total number of incidents of non-compliance with voluntary codes for product and service information and labeling:	0	0	0	0

Additional Comments

IBM Product Environmental and Safety Compliance has received zero (0), no fines, penalties or warnings regarding product information or labeling in 2016 to 2019. All labeling errors or omissions were corrected prior to customer delivery and are considered operational issues. IBM Product Safety and Hardware Compliance has received zero (0), no fines, penalties or warnings regarding product information or labeling in 2019. All labeling errors or omissions were corrected prior to import or customer delivery and are considered operational issues. Per the discussion in the Product Labelling Aspect question, G4-DMA and question #3843, product labelling is not considered a material aspect under the IBM Environmental Management System. It is an operational issue.
* Assessment does not include Watson Health operations.

Deemed material? No

Incidents of Non-Compliance Concerning Marketing Communications GRI 417-3

Social / Marketing and Labeling / Incidents of Non-Compliance Concerning Marketing Communications GRI 417-3

Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotions, and sponsorship, by type of outcomes

Non-Compliance with Regulations and Voluntary Codes Concerning Marketing Communications	2019	2018	2017	2016
Total number of incidents of non-compliance with regulations resulting in a fine or penalty:				
Total number of incidents of non-compliance with regulations resulting in a warning:				
Total number of incidents of non-compliance with voluntary codes:				

Reason for Omission:
Unavailable
Steps being taken to obtain data and expected time frame for doing so:
IBM does not maintain a record of incidents of non-compliance with regulations and voluntary codes concerning marketing communications.

Additional Comments

Deemed material? No

Customer Privacy

Management Approach: Customer Privacy GRI 103-1, 103-2, 103-3

Social / Customer Privacy / Management Approach: Customer Privacy GRI 103-1, 103-2, 103-3

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

Topic: GRI 418 Customer Privacy	
103-1: Explanation of the material topic and its Boundary	IBM has strong governance processes in place to address new industry standards and regulations as they emerge, so that IBM complies with data privacy laws in all countries and territories in which we operate. IBM believes strongly that consumers, wherever they reside, deserve consistent privacy protections — such as knowing what personal data is collected, and being able to access it, delete it, or opt-out of having it collected in the first place when there is no legitimate reason to do so. IBM also believes companies should be accountable for protecting consumer data, and governments should establish stable policy environments where new services and technologies can grow.
103-2: The management approach and its components	Corporate instruction 130: As a globally integrated enterprise, IBM's business processes frequently extend beyond the borders of one country. Such globalization demands not only the availability of communication and information systems across the IBM group of companies (IBM), but also the world-wide processing and use of multiple types of information, including Personal Information. IBM is committed to protecting the privacy and confidentiality of Personal Information about its Employees, Customers, Business Partners (including contacts within Customers and Business Partners) and other identifiable individuals. Uniform practices for collecting, using, disclosing, storing, accessing, transferring or otherwise processing such information assist IBM to process Personal Information fairly and appropriately, disclosing it and/or transferring it only under appropriate circumstances. This Policy Letter sets forth the general principles that underlie IBM's specific practices for collecting, using, disclosing, storing, accessing, transferring or otherwise processing Personal Information, including the general principle of Privacy by Design. These general principles apply to the processing of Personal Information world-wide by IBM. The general principles are: **Fairness:** IBM will collect and process Personal Information fairly, lawfully, and in a transparent manner. **Purpose Limitation:** IBM will only collect Personal Information that is relevant to and necessary for a particular purpose(s) and will only process Personal Information in a manner that is not incompatible with the purposes for which it is collected. **Data Minimisation:** IBM will only process Personal Information that is adequate, relevant and not excessive for the purpose for which it is processed. **Accuracy:** IBM will keep Personal Information as accurate, complete and up-to-date as is necessary for the purpose for which it is processed. **Retention:** IBM will keep Personal Information in a form that permits identification for no longer than necessary for the purpose for which such Personal Information was collected. **Disclosure:** IBM will only make Personal Information available inside or outside IBM in appropriate circumstances. **Security:** IBM will implement appropriate technical and organizational measures to safeguard Personal Information and will instruct third parties processing Personal Information on behalf of IBM, if any, to process it only in a manner that is consistent with processing it on IBM's behalf, and to implement appropriate technical and organizational measures to safeguard the Personal Information. **Individual Rights:** IBM will provide individuals with appropriate rights such as right of access and correction relating to their Personal Information, as set out in the Binding Corporate Rules and in applicable law. **Custodianship:** IBM will have appropriate policies and practices for the safe handling of Personal Information that it processes on behalf of its customers. **Accountability:** IBM will have appropriate governance, including corporate instructions, guidelines, appropriately trained personnel and other measures to be able to demonstrate that the processing of Personal Information is performed in compliance with this Policy Letter. IBM Employees who come in contact with Personal Information must act consistently with the principles contained in this Policy Letter. The application of these principles is more particularly described in the applicable IBM Corporate Instructions (and any accompanying implementation guidelines) relating to processing Personal Information. In effect since May 21, 2018; replaces earlier policies dated November 30, 2016 and November 24, 1998.
103-3: Evaluation of the management approach	IBM will have appropriate governance, including corporate instructions, guidelines, appropriately trained personnel and other measures to be able to demonstrate that the processing of Personal Information is performed in compliance with this Policy Letter. This includes annual mandatory data privacy education for every IBMer along with an annual re-certification to IBM's Business Conduct Guidelines. IBM Employees who come in contact with Personal Information must act consistently with the principles contained in this Policy Letter. The application of these principles is more particularly described in the applicable IBM Corporate Instructions (and any accompanying implementation guidelines) relating to processing Personal Information

Additional Comments

We continue to drive workforce education with an enhanced Privacy@IBM program that includes a mandatory data privacy course for IBMers. In 2019, its focus was on IBM’s data privacy policies and principles, following its 2018 focus on the European Union General Data Protection Regulation. The course is issued to all new employees within their first few months at IBM, and annually to all active full- and part-time employees. A version of the course is also made available to IBM contractors and affiliates.

References:

- IBM Data Privacy Policy
- 2019 IBM Corporate Responsibility Report
- IBM Business Conduct Guidelines 2020
- IBM Trust Center - Security

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				
	2019	2018	2017	2016
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

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References:

2019 IBM Corporate Responsibility Report

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 2019 Corporate Responsibility report
103-3: Evaluation of the management approach	Please see our 2019 Corporate Responsibility report

References:

2019 IBM Corporate Responsibility Report

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

Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.

Currency:	2019	2018	2017	2016
Total monetary value of significant fines:				
Total number of non-monetary sanctions:				
Context against which significant fines and non-monetary sanctions were incurred:				
Cases brought through dispute resolution mechanisms:				

Additional Comments

Please see the ESG metrics section of our 2019 Corporate Responsibility Report and our annual report & SEC filings

References:

- 2020 Proxy
- IBM 2019 10K
- 2019 IBM Corporate Responsibility Report