

2011

Corporate
Responsibility
Summary

Throughout its history, IBM has taken a thoughtful, comprehensive approach to corporate responsibility that aligns with our enduring values, and maximizes the positive change that IBMers can effect around the world.

For the full IBM Corporate Responsibility Report
please visit ibm.com/responsibility/2011/

IBM

LETTER FROM THE PRESIDENT AND CEO

The measure of any enterprise or institution is not what it says about itself, but what others say about it, and whether they choose to affiliate with it—as employees, as clients, as investors, as neighbors, as fellow global citizens.

Over the past several months, I have met with thousands of IBMers and hundreds of leaders from government, communities and businesses around the world. As I began my tenure as IBM's CEO, I wanted to hear their concerns and perspectives. Most importantly, I wanted to hear their aspirations—for themselves, for our world and for IBM.

What struck me most powerfully in these conversations were two related beliefs—about this moment in history and about IBM itself.

First was the belief that despite the present troubles of the world's economy, the potential for a bright future, characterized by sustained prosperity and societal progress, is within our grasp. Second, I found a widespread belief that as IBM enters its second century, it possesses unique capabilities—in technology, in business expertise and most importantly, in a deep and systemic understanding of global citizenship—to lead the world in making that potential real.

It is inspiring to hear that so many inside and outside the company believe it performs this distinctive role, and are eager to work together to see it succeed. Along with my colleagues, I believe we have not just an opportunity, but a responsibility to do so.

This shared belief in a higher purpose reaffirms aspirations and values that have been at the core of this enterprise since its inception, more than a century ago. These never change. But they are being reanimated and redirected today thanks to a radically new era in technology—the emergence of new tools and ways of working that can make our world more sustainable, efficient, equitable and intelligent.

Capturing this historic opportunity will, without question, be a challenge. Most crucially, it will be necessary for all sectors of civil society to break free from old definitions, and to assume new kinds of responsibility.

Business, in particular, must seize the initiative. We must not wait for government mandates. We must be active in convening all sectors of society to solve problems that none can solve on their own. We must energize our own resources—not just financial, but also human. Most crucially, we must create corporate citizenship and business strategies that are not merely “linked,” but one.

In this report, you will find rich evidence of all these dimensions of IBMers' progress in assuming this role. You will see it in our work in communities around the world, on the environment, on our global supply chain, on corporate governance and on our workforce policies and practices.

- + You will read about IBMers helping to build the smarter cities of our rapidly urbanizing planet, through such efforts as the Smarter Cities Challenge, which has provided \$50 million in competitive grants to send teams of our talented IBMers to help transform 100 cities around the world.
- + You will read about IBMers helping to reimagine education, as with the innovative P-TECH high school in Brooklyn, NY. This breakthrough six-year model is already spreading to other cities and influencing the national debate.
- + You will read about the more than 300,000 IBMers who took part in 2011's Centennial Celebration of Service, resulting in 3.2 million hours of community-based service in 120 countries.
- + And you will read about Corporate Service Corps, deploying teams of high-potential IBMers in developing markets in Africa, Asia, Latin America and Eastern Europe to help make communities smarter and more sustainable, while deepening the global skills of IBM's future leaders.

Building a Smarter Planet, it turns out, requires building a new kind of corporation. And that will not happen overnight. But the game-changing progress described in this report gives me confidence that it is achievable. As we have for 100 years—and counting—IBMers and the communities we serve are still, together, dedicated to making our world literally work better.



Virginia M. Rometty
President and Chief Executive Officer

OUR APPROACH TO CORPORATE RESPONSIBILITY

IBM is a company of more than 430,000 employees, doing business in nearly 170 countries. We manage a \$37 billion supply chain with more than 20,000 suppliers.

We engage a vast network of stakeholders, from clients, to employees, to business partners, to investors. And the work we do impacts not only individual companies' business success, but the efficiency and innovation of countries, cities, governments, communities and our planet's critical infrastructure.

We strive to operate our business consistent with the highest standards of corporate responsibility, from how we support and empower our employees, to how we work with our clients, to how we govern the corporation. And we do so because we believe this is how a great company is built and sustained. This document is a brief summary of our efforts in these areas during the 2011 calendar year. For more comprehensive information on IBM's corporate responsibility, please visit the complete 2011 Corporate Responsibility Report at ibm.com/responsibility/2011/.

Throughout its history, IBM has taken a thoughtful, comprehensive approach to corporate responsibility that we believe aligns with IBM's values and maximizes the impact we can make as a global enterprise. We focus on specific societal issues, exploring ways to improve and protect the environment, spurring community economic development, and improving education and healthcare. In each of these areas, we engage by following four guiding principles:

- + We identify and act upon new opportunities to make a difference by applying our technology and expertise to societal problems (See P-TECH, page 9).
- + We scale our existing programs and initiatives to achieve maximum benefit by measuring our results and adjusting our approaches (See Smarter Cities Challenge, page 3).

- + We empower our employees and others by building their skills to better serve their communities (See A Celebration of Service, page 5).
- + We integrate our commitment to corporate responsibility into every aspect of our company (See 2011 Year in Review, pages 8–11).

This approach favors direct action and collaboration over simple “checkbook philanthropy.” And we believe it is a path to real and lasting change. In all of our community service efforts, as in our business pursuits, we aim to provide leadership and we insist on excellence and accountability. Whether it's solving the complex problems of the world's cities or developing schools that prepare students for careers, we expect to effect widespread measurable change. And we work closely with highly qualified organizations who are deeply committed to the same outcomes. This is a vital part of our approach to stakeholder engagement: to collaborate with leading organizations to evolve meaningful and sustainable solutions.

This commitment is fostered throughout the company and led by senior management, which is ultimately responsible for our economic, environmental and societal performance, as well as compliance with laws, regulations and our various codes of conduct. The IBM Board of Directors and its committees regularly review performance and compliance.

On a day-to-day basis, our corporate responsibility activities are coordinated by a steering committee made up of executives from all relevant functions across IBM. Its chair is IBM's vice president of Corporate Citizenship & Corporate Affairs, who also serves as president of the IBM International Foundation.

Our Approach

For more detailed information on these and other aspects of IBM's corporate responsibility efforts, please visit ibm.com/responsibility/2011/corporatecitizenship.

SMARTER CITIES CHALLENGE

Making our cities work better



Perhaps no program exemplifies IBM's integrated approach to corporate citizenship better than the Smarter Cities Challenge. Announced in November 2010, this \$50 million competitive grant program is providing teams of skilled IBM experts to 100 cities around the world over a three-year period, in an effort to help make those cities more livable and smarter.

Last year — the first full year of the program following a six-city pilot — 115 IBMers were deployed to an additional 24 cities to help city leaders devise implementable strategies to improve efficiency, spur economic growth, engage citizens and more. And the results were significant. In Johannesburg,

South Africa and St. Louis, teams used data analytics to develop strategies for improving public safety. In Ho Chi Minh City and Milwaukee, they worked to address economic development issues by studying the food industry. In Edmonton, Canada, they worked to reduce the number of traffic fatalities.

From Africa to Asia, from Europe to Latin America and the United States, the work of the Smarter Cities Challenge teams has already led to specific improvements around the world. And in the two years since its inception, more than 350 cities have sought Smarter Cities Challenge grants.

"I am greatly satisfied," said Lic. Jorge Aristóteles Sandoval

Díaz, mayor of Guadalajara, Mexico, which used a Smarter Cities Challenge grant to develop strategies for delivering better and more efficient services to businesses and citizens. "It is a professional team, senior executives with extensive experience, who attended and understood immediately what we, as a governing body, want to translate into benefits for the people. And through their ability and experience — not just technologically speaking but through their knowledge — they helped to lead us to find a light along the way; clarity on what we want to do and how we're going to achieve it."

24 cities

benefited from IBM's Smarter Cities Challenge in 2011, working on projects to reduce traffic fatalities, improve public safety, spur the economy and more.

“We must
create corporate
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— Virginia M. Rometty, President and Chief Executive Officer

A CELEBRATION OF SERVICE

For more than 100 years, service and volunteerism have been essential elements of what it means to be an IBMer. In fact, we have worked hard to create a culture of service throughout the company, because we believe that skills-based service benefits IBM, IBMers and especially the communities in which we live and work.

These efforts help us express IBM's brand and values to the world; they allow IBMers to give back to their communities, apply their skills in meaningful ways, and gain new skills; they improve our employee satisfaction, attraction and retention rates; and they help build new capabilities in communities around the world.

And so throughout 2011, in recognition of our 100th anniversary as a company, hundreds of thousands of IBMers around the world committed at least eight hours of their time to the cause of their choice. We called this effort a "Celebration of Service," and it yielded more than 3.2 million hours of service in everything from improving education and healthcare to disaster relief response and conservation.

This didn't all happen at once, however. And we didn't do it alone. The Celebration of Service was actually the result of nearly a decade of planning and partnership. Since 2003, IBM has been building a system that could significantly scale skills-based service both inside and outside our company. Over the last 10 years, we carefully constructed an integrated system of tools, volunteer opportunities, NGO partnerships and incentives that together inspired and enabled community outreach on a wide scale.

These efforts began with the creation of On Demand Community, a unique internal system that helps IBMers find volunteer activities and provides them a portfolio of tools to enhance the skills and expertise they can contribute to the community. Since its launch, more than 220,000 IBM employees and retirees have registered at the site and logged well over 13 million hours of volunteer service.

IBM's Celebration of Service represented the largest corporate community service event in history. It yielded more than 1,000 years worth of service in less than one year. It engaged more than 300,000 IBMers from 120 countries, working on 5,000 different projects. On one day alone, June 15th, 2011, we served more than 10 million people world-wide. We hope it will inspire other companies to take the same, integrated approach to scaling skills-based service. Because we believe that the best way for private companies to make a positive impact on communities around the world is by directly applying their specific skills and expertise to societal problems. And we believe the Celebration of Service proved it can be done on a large scale.



300,000+ IBMers

in 120 countries contributed to over 5,000 service projects that ranged from improving community healthcare to bolstering educational curricula to protecting the environment.

Celebration of Service

When IBMers embarked on an historic effort to volunteer millions of hours of service throughout 2011, we were careful to measure the results. The reason for this is that at IBM, we believe that the best way to give back to the many communities in which our employees live and work is to apply our skills to specific societal challenges. And we believe that this concept of "skills-based service" can scale, at any

company, anywhere in the world. We hope that the results of our Celebration of Service will inspire other organizations to similarly mobilize volunteers and apply skills-based service en masse.

ALL SERVICES PLEDGED AND TRACKED IN 2011:

3,201,216 hours

EQUIVALENT TO:

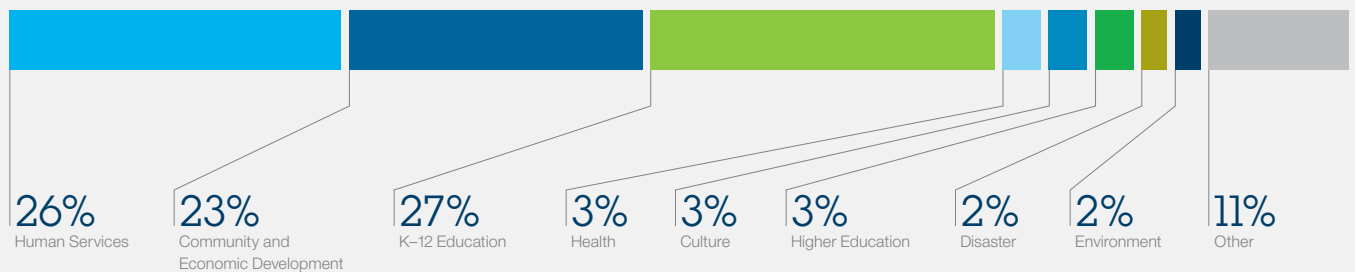
400,152

 8-hour days of service

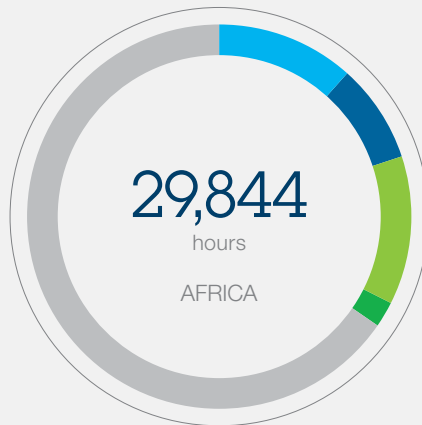
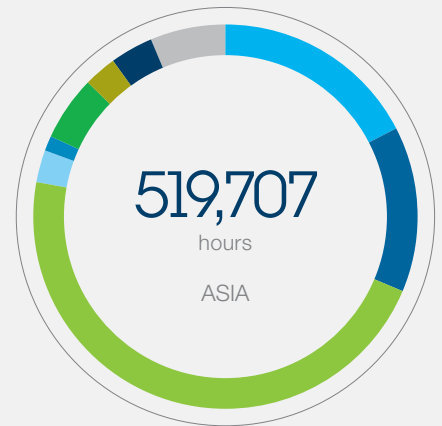
1,096

 years of service

SERVICE BREAKDOWN BY CATEGORY:



GLOBAL SERVICES BREAKDOWN:



2011 YEAR IN REVIEW

At IBM, corporate responsibility is an integral part of our corporate culture.

It is the basis of our corporate values, and it shows up in how we engage with our clients, our employees, our shareholders and our communities. There are four aspects of corporate responsibility that are of particular interest to our stakeholders. They are:

1. The impact of IBM's operations and products on the environment.
2. The management of our global supply chain.
3. The support of our employees and communities.
4. The governance, ethics and integrity of our company.

The following sections provide an overview of our approach to each of these areas, and some examples of how IBM practiced corporate responsibility during the 2011 calendar year. For more detailed information please visit ibm.com/responsibility/2011/.

ENVIRONMENT

IBM has long maintained an unwavering commitment to environmental protection, formalized in a corporate environmental policy in 1971. Our policy calls for IBM to be an environmental leader across all of our business activities, from our research, operations and products to the services and solutions we provide our clients.

Our comprehensive environmental programs range from energy and climate protection to pollution prevention and waste management to resource conservation and product design for the environment. IBM's energy and climate programs are highlighted here because of global interest in the topic. In 2011, we achieved outstanding results and led several important new initiatives:

Operational energy efficiency

In 2011, IBM's energy conservation projects delivered savings equal to 7.4 percent of our total energy use, significantly exceeding our annual goal of 3.5 percent. These projects avoided the consumption of 378,000 megawatt-hours (MWh) of electricity and 326,000 million BTUs

of fuel oil and natural gas, representing the avoidance of 175,000 metric tons of CO₂ emissions. They also saved \$43 million in energy expense.

From 1990 through 2011, our annual energy conservation actions have avoided 5.8 billion kWh of electricity consumption, avoided 3.7 million metric tons of CO₂ emissions (equal to 55 percent of the company's 1990 global CO₂ emissions) and saved \$442 million.

Data center energy efficiency

IBM manages a diverse portfolio of data centers all over the world. In January 2012, the European Commission, the executive body of the European Union (EU), awarded 27 IBM data centers in 15 countries "participant" status on data center energy efficiency, based on the EU Code of Conduct for data centers. This honor represents the largest portfolio of data centers from a single company to receive this recognition to date.

Voluntary initiatives

We have reduced IBM's CO₂ emissions by 16 percent through 2011 against the company's stated goal of a 12-percent reduction by 2012, using 2005 as the base year.

IBM and the World Environment Center announced the formation of the Innovation in Environmental Sustainability Council in January 2012. Its purpose is to explore how innovation in business process and technology can enable strategic solutions to major challenges involving energy, materials, water, infrastructure and logistics. Charter members also include Boeing, CH2M HILL, The Coca-Cola Company, The Dow Chemical Company, F. Hoffmann-La Roche AG, General Motors, Johnson & Johnson Family of Consumer Companies and The Walt Disney Company.

SUPPLY CHAIN

IBM does business with suppliers located in close to 100 countries, and social and environmental responsibility is a major focus of these operations.

P-TECH

Pioneering a new model for secondary education

Many experts believe that the United States has less of a jobs problem, and more of a skills problem. Tens of thousands of job openings for skilled employees remain unfilled today. High school graduates are likely to earn no more than \$15 an hour. And community college completion rates hover around 25 percent, with 14 million jobs to be created for young people with community college degrees over the next 10 years. It is clear that more innovative and creative solutions to educating our youth for successful careers are needed.

In September 2011, the New York City Department of Education,

The City University of New York, New York City College of Technology and IBM opened Pathways in Technology Early College High School (P-TECH), an innovative public school spanning grades 9 through 14. The immediate goal for P-TECH's student population is 100-percent completion with both a high school diploma and a two-year associate degree within six years in either computer science technology or electromechanical engineering technology. The school's curriculum aligns closely to much-needed jobs skills, and every student receives an IBM mentor. In its first semester, school attendance was among the

highest of any school in New York City, and student achievement indicators in math were very strong.

The broader goal of the program is to apply the knowledge and experiences developed in this pilot school to serve as a model for both new and traditional high schools in New York City and nationally. And we are already showing progress toward that goal. In January, the mayor of New York announced that three more schools would be started following the P-TECH model. And the mayor of Chicago announced that five schools based on the P-TECH model would open in September of 2012.

In February 2012, IBM released *STEM Pathways to College and Careers Schools: A Development Guide*, a new "playbook" that outlines how to develop an innovative grades 9 through 14 school like P-TECH. The guide is the result of a Smarter Cities Challenge grant to the City of Chicago. And the U.S. Secretary of Education released a blueprint for reform of career and technical education that incorporates the core elements of the P-TECH design, including incentives for collaboration with businesses and higher education.

To do this we work closely with our suppliers, and these efforts have resulted in significant improvements in responsibility throughout our global supply chain.

This work begins with our requirement for suppliers to create and implement a Social and Environmental Management System, which encourages suppliers to set voluntary goals, measure their performance, and report publicly in an effort to increase transparency across the entire supply chain.

In 2011, we also grew our supply chain assessment activities, conducting a total of 462 audits and reaudits of suppliers in 21 countries, the largest single-year activity to date. These assessments measure supplier compliance to the Electronic Industry Citizenship Coalition (EICC) or the IBM Supplier Code of Conduct. Though there is still much work to be done, we saw major advances in code compliance across our supply chain.

Also, IBM and other member companies of the EICC, in conjunction with the Global e-Sustainability Initiative (GeSI) Supply Chain Work Group, have continued work on the objective of achieving a supply chain free of conflict minerals. In 2011, EICC/GeSI published its Conflict-Free Smelter (CFS) assessment results for the first group of companies that went through this rigorous assessment. The CFS assessment is directed at smelters and refiners that play a key role in the extended supply chain, as they are the point at which concentrated ores are refined into the higher level materials that ultimately flow into technology products.

This year also saw the release of the EICC/GeSI Conflict Minerals Reporting Template and Dashboard. This survey was developed to provide companies with a common survey format for their upstream suppliers to identify the use of conflict materials, the smelters used, and where possible, the country of origin of key minerals.

SUPPLIER CONNECTION

Growing small businesses, growing jobs

Small businesses are crucial to the vitality of the U.S. economy, as they accounted for two thirds of net-new jobs created in the United States between 1993 and 2008, according to the Small Business Administration. However, it can be challenging for small businesses to sign up new, large accounts, especially among global companies. A national study demonstrated that small businesses that obtain a contract with a large company doubled their workforce and increased revenue by 250 percent within two years.

With the goal of fueling economic growth and job creation in the

United States, IBM and a consortium of large corporations are collaborating to offer one-stop shopping, and make it easier for small businesses to potentially become suppliers to a host of large companies. Supplier Connection offers a free Web-based portal that makes it easier for small businesses to become recognized as potential suppliers to large companies and for large companies to identify small companies with which they would do business.

The 16 companies using Supplier Connection collectively purchase more than \$300 billion in goods and services annually through

their global supply chains. The participating companies include IBM, AMD, Amylin, AT&T, Bank of America, Caterpillar, Citigroup, Dell, John Deere, JPMorgan Chase, Facebook, Kellogg, Office Depot, Pfizer, UPS and Wells Fargo.

“Supplier Connection provided us with a connection point at Citigroup that we wouldn’t have been able to gain without the portal,” said Lynne Noel, vice president of Underwriting and Technical Services at Havens & Company. “If we win business through Supplier Connection, we will need to add employees to our company to manage the work.”

\$300 billion

The 16 companies using Supplier Connection collectively purchase more than \$300 billion in goods and services annually through their global supply chains.

In addition, IBM saw its base of diverse suppliers grow in 2011, globally reaching \$3.2 billion for both first-tier and second-tier spend. And we continue to engage organizations dedicated to the growth and development of this important aspect of the extended supply chain.

EMPLOYEES

At IBM we believe that in order to be a great company, we must hire, support and retain great employees. Across the world there are more than 430,000 IBMers. These employees represent our brand, they embody our values, and they drive our success. They are IBM. And that is why the work of developing their full potential is never complete.

One of the ways we do this is by understanding the ongoing needs and concerns of IBMers. In the past, we used an annual company-wide employee survey for gaining a high-level view of employee satisfaction. But it did not allow for a tailored view on specific local issues to address the needs of our employees and the business.

Starting in 2011, we’ve deployed a mix of methods and flexible ways of better understanding employees’ sentiment, such as:

- + Surveys tailored to local needs or focus areas, to enable the business to move more nimbly and to act more incisively (targeted surveys focused on specific business issues and outcomes)
- + Employee Advisory Panels that allow IBMers representative of the entire organization to review and provide feedback on programs and policies
- + Predictive models to anticipate and respond to workforce trends enabling a proactive mode of addressing workforce issues
- + Online surveys to gather data on current or “hot” issues enabling quick turnaround and specific data relevant to the business issue

These targeted data analyses pinpoint pockets of problems, allowing us to intervene quickly and effectively, and better address the needs of IBM’s workforce and business.

Also in 2011, IBM continued to embrace a leadership role in employee diversity and well-being. More than 100 IBM leaders from around the world convened for the first Global Diversity and Inclusion Summit, to help develop a global diversity strategy that would align with our human resources strategy and support execution of IBM's 2015 business roadmap. And IBM continues to be recognized for its Employee Well-Being Management System, which takes a systemic approach to monitoring and promoting health and safety among our employees at work, at home and in their communities.

GOVERNANCE, ETHICS AND INTEGRITY

IBM works on problems that affect most, if not all, of civil society. And that requires that IBM hold itself to the highest standards of ethics, transparency and integrity.

We do this by adhering to a rigorous system of corporate governance. It includes a management structure that integrates ethics and integrity into every corner of the company. It includes a world-class risk management practice that protects the interests of our many stakeholders. And it involves engagement with the public discussion of important social issues such as security and privacy.

For example, we recognize that the economic and societal value of digital information continues to increase. Information is at the heart of new business models, new jobs and new ways in which individuals and businesses organize and connect with one another around the globe. Thus institutions of all types—including businesses—must work to earn the public's trust in their ability to steward information.

In 2011, IBM launched a number of new initiatives around cybersecurity and privacy, and expanded others already underway. Drawing upon our experts in digital media, security and privacy, IBM published a series of resources that help individuals safeguard themselves and their organizations (www.ibm.com/securesocialsmart). Another project to highlight is the Pro Bono Privacy Initiative. This group of privacy and legal professionals is engaging with human services agencies to help them with mission-critical privacy and data protection considerations. As part of the initiative's pilot IBM shared data security and privacy expertise with Safe Horizon, the largest victims' assistance agency in the United States, to help them remove sensitive information from the Web.

TEACHERS TRYSCIENCE

Empowering educators with resources and strategies

IBM understands that preparing the next generation of innovators requires great science teachers with the skills and knowledge to educate, inspire and motivate students. But the demand for science teachers continues to outstrip the supply; in the United States, about one third of all middle school science teachers are not certified to teach science. The challenge is providing teachers with the resources they need to strengthen their instruction and better prepare students for the jobs of the 21st century, many of

which will increasingly be in STEM (science, technology, engineering and math) fields.

To address this challenge, Teachers TryScience was launched in 2011. The program is a collaborative effort with the New York Hall of Science and TeachEngineering.org and is designed for teachers—primarily at the middle-school level—to improve their instruction in project-based learning. This site provides the best available free and engaging standards-based lessons, integrated with teaching

strategies and resources, designed to spark students' interest in STEM by improving teacher effectiveness. The site also provides social networking tools that enable educators to comment on and rate the lessons and resources, submit their own teaching materials and form public and private groups to engage in focused discussions with colleagues in the same district or around the globe.

"Teachers TryScience is an excellent new resource for science

teachers who want to strengthen their instruction in project-based learning. Not only does it offer free, high-quality lessons, but it links them with strategies and resources that will give teachers the skills and knowledge to make the most of them in their classrooms," said Margaret Honey, president of the New York Hall of Science. Further, the National Board for Professional Teaching Standards has widely publicized the site and encourages teachers to use it.

2011 PERFORMANCE DATA SUMMARY

Over the course of a year, IBM uses a series of metrics to measure our corporate responsibility efforts. On the following pages you will find a summary of the data in several important areas. Our Key Performance Indicators (KPIs) for various parts of the business are also noted, along with some explanation of each.

Employees

At IBM, we focus on enabling IBMers to flourish by providing guidance and opportunities for career and expertise growth, allowing IBM and IBMers to succeed in this rapidly changing world. IBM blends traditional, virtual and work-enabled learning and development activities to accomplish this. As realized in 2011, this strategy enables us to provide timely, comprehensive and targeted learning while achieving more efficient, effective learning delivery.

	2007	2008	2009	2010	2011
Learning Investments Worldwide (\$M)	622	648	490	547	466
Learning Hours Worldwide (M)	22.3	23.2	25.5	28.6	27.4
Learning Hours Per Employee	58	61	64	67	63

IBM has demonstrated 100 years of commitment to addressing the specific needs of women in our workforce, and to creating work-life and career development programs that address their needs. We continue to monitor the progress and leadership development of women in our workforce and provide opportunities across the nearly 170 countries where we do business.

	2007	2008	2009	2010	2011
Women in IBM Workforce (%)					
Global Workforce	28.8	28.9	28.7	28.1	28.5
Global Executives	20.3	21.2	21.2	21.4	21.5
Managers	24.8	24.5	24.6	24.8	24.6

Denotes Key Performance Indicator

	2007	2008	2009	2010	2011
Global Illness/Injury Rate					
Total Number (per 100 employees)	0.32	0.30	0.27	0.27	0.36
Employee and Retiree Volunteering via On Demand Community (Hours in Thousands)					
Asia Pacific	163	143	118	111	663
Europe, Middle East, Africa	210	175	155	198	430
Latin America	42	41	43	44	152
North America	1,303	1,170	954	1,110	1,956

Total participation in 2011 was 300,000 volunteers in 120 countries.

Giving

IBM tracks global corporate contributions by issue, geography and type of grant. Giving by issue is important as our goal is to maintain education as our primary focus. Giving by geography is important to understand the alignment of our resources to our global operations. The type of giving—services, technology (including software) and cash—is important as we focus on providing the best of our company's technical services and technology to address key social issues.

While education is our highest priority, we currently intend to maintain some investment in human services, culture, health and the environment. Additionally, we want to keep flexibility for new initiatives and to meet extraordinary external conditions. Our balance of contributions in 2011 met these goals. Our overall contributions rose by 3.6 percent, in line with the five-year trend. IBM is a globally integrated enterprise operating in nearly 170 countries. In 2011, the percentage of contributions in mature markets generally fell, while contributions in developing markets rose. Some of our contributions are given on a globally

competitive basis, so geographical distribution may vary due to the number and quality of applications. By type of contribution, services as a percentage of total contributions increased most significantly in 2011, consistent with our focus in grants of providing solutions.

We do not set goals for percentage change in contributions year over year, nor for giving by geography or by type of contribution. We focus instead on increasing the quality of our work with organizations on projects that successfully use IBM solutions and that have significant impact on key social issues. Current trends in contributions will not necessarily continue, but rather will be determined within the framework of increasing the effectiveness of our contributions.

	2007	2008	2009	2010	2011
Global Corporate Contributions by Issue (\$M)					
K-12 Education	41.7	45.4	44.0	34.7	28.8
Higher/Other Education	49.2	82.6	92.4	116.8	113.0
Culture	11.9	10.5	5.7	3.2	3.8
Human Services	16.7	15.3	15.0	7.7	17.9
Health	4.6	4.0	4.2	4.3	4.5
Other	40.7	19.3	19.9	16.1	22.7
Environment	1.8	2.2	4.7	6.4	5.4
Total	166.6	179.3	185.9	189.2	196.1
Global Corporate Contributions by Type (\$M)					
Cash	43.8	42.9	40.3	39.3	46.9
Technology	55.8	93.8	102.2	105.3	91.3
Services	67.0	42.6	43.4	44.6	57.9
Total	166.6	179.3	185.9	189.2	196.1
Global Corporate Contributions by Geography (\$M)					
United States	91.8	94.6	77.1	75.8	70.8
Asia Pacific	22.3	24.4	45.4	34.8	36.3
Canada	3.6	3.4	8.4	6.8	6.8
Europe, Middle East, Africa	40.8	44.4	35.2	54.3	60.2
Latin America	8.1	12.5	19.8	17.5	22.0
Total	166.6	179.3	185.9	189.2	196.1

	2007	2008	2009	2010	2011
Employee Charitable Contribution Campaign (U.S.)					
Amount Donated (\$M)	35.1	36.1	36.1	36.2	36.5
Employee Participation Rate (%)	58	57	59	59	58.3
Recipient Agencies*	8,366	8,776	9,486	9,706	9,613
Employee Charitable Fund (Canada)					
Amount Donated (\$M)	3.3	3.0	3.0	3.0	3.1
Employee Participation Rate (%)	49	49	43	42	44
Recipient Agencies*	1,323	1,150	1,373	1,480	1,446

*Data for 2007-2010 has been revised.

Environment

IBM maintains goals covering the range of its environmental programs, including climate protection, energy and water conservation, pollution prevention, waste management and product stewardship. These goals and our performance against them are discussed in the Environment section of the online IBM Corporate Responsibility Report. The goals identified here as KPIs are based on stakeholder interest and materiality. IBM considers all of its goals to be important metrics of the company's performance against its commitment to environmental protection.

IBM's goal is to achieve annual energy conservation savings equal to 3.5 percent of IBM's total energy use. IBM again achieved this goal in 2011, attaining a 7.4-percent savings from energy conservation projects.

	2007	2008	2009	2010	2011	
Energy Conservation						
As % of total electricity use		3.8	6.1	5.4	5.7	7.4
Renewable Energy Procured						
As % of total electricity use		8.5	8.6	11.3	11.2	10.2

Between 1990 and 2005, IBM's energy conservation actions reduced or avoided CO₂ emissions by an amount equal to 40 percent of its 1990 emissions. To further extend this achievement, IBM set an aggressive "2nd generation" goal: to reduce the CO₂ emissions associated with IBM's energy use by 12 percent between 2005 and 2012 through energy conservation and the procurement of renewable energy.

As of year-end 2011, IBM's energy conservation results and procurement of renewable energy yielded a 16-percent reduction in its energy-related CO₂ emissions since 2005.

	2007	2008	2009	2010	2011
CO₂ Emissions Reduction					
% reduction against the 2005 base year	+2.0	-1.6	-5.7	-16.7	-16.0

Product Energy Efficiency *Please visit ibm.com/responsibility/2011/environment*

	2007	2008	2009	2010	2011
Recycled Plastics					
% of total plastics procured through IBM contracts for use in its products that is recycle — against annual goal of 5%	10.6	10.3	13.2	11.5	12.4

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

In 2011, IBM's PELM operations sent only 0.4 percent of the total processed to landfill or incineration facilities for treatment.

Product End-of-Life Management					
% of total processed sent by these operations to landfill or incineration for treatment	0.8	0.6	0.5	0.6	0.4

IBM's goal is to achieve year-to-year reduction in hazardous waste generated from IBM's manufacturing processes indexed to output. IBM's hazardous waste generation indexed to output decreased by 3.5 percent in 2011.

Hazardous Waste Reduction (%)	-8.4	-10.9	+8.4	-21.6	-3.5
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Nonhazardous Waste Recycling					
% recycled of total generated against an annual goal of 75%	78	76	76	79	78

IBM's goal is to achieve annual water savings equal to 2 percent of total annual water usage in microelectronics manufacturing operations, based on the water usage of the previous year and measured as an average over a rolling five-year period. In 2011, new water conservation and ongoing reuse and recycling initiatives in IBM's microelectronics operations achieved an annual 1.2-percent savings in water use, resulting in a rolling five-year average of a 2.6-percent savings versus the 2-percent goal.

Water Conservation (%)	6.0	4.6	3.1	2.8	2.6
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Supply Chain

	2007	2008	2009	2010	2011
Supplier Spending by Category					
Services and General Procurement (%)	67	68	69	64	64
Production Procurement (%)	31	29	28	33	33
Logistics Procurement (%)	2	3	3	3	3
Services and General Procurement (\$B)	25.0	26.1	22.6	22.1	23.4
Production Procurement (\$B)	11.4	11.4	9.3	11.6	12
Logistics Procurement (\$B)	0.9	1.0	0.9	1.0	1.1

Supplier Spending by Location					
North America (%)	43	39	39	35	34
Asia Pacific (%)	26	30	29	35	34
Europe, Middle East, Africa (%)	27	25	25	22	23
Latin America (%)	4	6	7	8	9
North America (\$B)	16.0	14.9	12.8	12.3	12.5
Asia Pacific (\$B)	9.8	11.4	9.4	12.2	12.5
Europe, Middle East, Africa (\$B)	9.9	9.8	8.1	7.5	8.3
Latin America (\$B)	1.6	2.4	2.5	2.7	3.2

Supplier diversity provides IBM a competitive advantage through gains in market share and client satisfaction by giving global opportunities to diverse-owned businesses. IBM's Global Supply strategic goals and objectives are supported by diverse suppliers around the world that deliver value in areas such as flexibility, innovation and sustainability, thereby helping to contribute to a Smarter Value Chain.

First-Tier Spending					
Total U.S. (\$B)	12.6	12.5	10.9	10.7	10.6
Diverse U.S. (\$B)	1.4	1.5	1.4*	1.5*	1.7
Diverse Non-U.S. (\$M)	709	745	806	742	881

*Data for 2009–2010 has been revised.

IBM's supplier social responsibility assessment protocol requires that all audited suppliers create and submit a Supplier Improvement Plan (SIP) for all noncompliance — with priority given to major non-compliances. The SIP forms a conduit linking initial audit findings to supplier-generated improvements geared toward resolution of root causes with verification taking place through a reaudit scheduled following the completion of all improvement actions.

Supplier Improvement Plans Completed and Accepted					
	—	169	84	316	473

ABOUT THIS SUMMARY

This Corporate Responsibility Summary, published in 2Q 2012, is intended to direct readers to our full 2011 Corporate Responsibility Report, which is available online at ibm.com/responsibility/2011/.

The 2011 Corporate Responsibility Report, and this summary, cover our performance in 2011 and some notable activities during the first half of 2012. To select the content for inclusion in the 2011 Corporate Responsibility Report, we have used the Global Reporting Initiative (GRI) Reporting Principles of materiality, sustainability context, stakeholder inclusiveness and completeness. IBM also provides on its corporate responsibility website (ibm.com/responsibility) a comprehensive GRI Report utilizing the GRI G3 Sustainability Guidelines at a self-declared GRI Applicant Level A.

Unless otherwise noted, the data in the Report and this summary covers our global operations. More details about IBM's corporate responsibility activities and performance is available at ibm.com/responsibility. Information about our business and financial performance is provided in our 2011 Annual Report at ibm.com/annualreport/2011/.



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