

2010

Corporate
Responsibility
Summary



A Letter from Samuel J. Palmisano
Chairman, President and Chief Executive Officer

To achieve long-term success, you have to manage for the long term.

Of course, many people pay lip service to the importance of long-term thinking. But if you take it seriously—if you adopt it as a management philosophy—it leads to certain distinctive behaviors and choices.

From the time of IBM's founding 100 years ago, IBMers have taken a long-term view—thinking not in quarters, but in decades and beyond. This has shaped how we allocate resources and how we develop talent. It has led us to take a number of bold risks, and to collaborate broadly and deeply—with universities, governments, nongovernmental organizations, even our competitors.

It has also underpinned how generations of IBMers worked to create a distinctive organizational culture—not by default or sporadically, but deliberately. Not grounded in products or charismatic leadership, but in shared values.

Importantly, it shaped IBMers' perspective on our company's role in society. Indeed, long-term thinking is not only the key to business survival, it's also the best definition I know of corporate responsibility.

For a century, our company has pioneered science and technology. It has also pioneered progressive workforce policies, environmental stewardship and community service. From Social Security, to equal opportunity employment, to advances in education, healthcare and more, IBMers' innovations have changed the way the world literally works. Many examples are contained in this report, and many more are described on our Centennial website at ibm.com/ibm100/us/en/.

Today, it all comes together in our work to build a smarter planet. This agenda encompasses everything we are as an organization. And one of its most profound consequences has been the convergence of our business and citizenship strategies. Which, when you think about it, makes perfect sense. You cannot optimize complex systems like food, water, energy, education and cities without simultaneously expanding access to underserved populations, increasing their transparency and architecting their environmental sustainability.

In addition, you cannot do it alone. A world that is becoming a system of systems is a world of inherent multiplicity and diversity. Effective action, therefore, is necessarily collaborative. We are seeing this in thousands of smarter planet engagements around the world, in the work of our Corporate Service Corps teams in emerging markets, in the success of our Smarter Cities Challenge and in many other ways.

Which brings me back to the deeper notion of corporate responsibility that is the subject of this report. Far more than "giving back to society," the idea of long-term responsibility leads both to an ambitious notion of the kind of work you tackle, and to a distinct management approach, encompassing investment, talent, policy, governance and stakeholder engagement.

Most fundamentally, it leads you to unleash the ideas and deepen the expertise of your people. Products, services, technologies—and CEOs—come and go. But from decade to decade, it is IBM's culture, its corporate character, that endures. And it is IBMers who manifest our character in action.

In these pages, you will read about some of the ways IBMers are doing so. Indeed, as this report goes to press, one of the largest and potentially most consequential demonstrations of IBMers' societal responsibility is underway. Through our Centennial Celebration of Service, IBMers around the world are devoting at least eight hours during 2011 to apply their talent and expertise to civic and societal needs. I can't wait to see the impact.

In this work, and in what we do every day, my colleagues and I know that we are only scratching the surface of what is possible on a smarter planet. And that is why we also know that our first century, for all its remarkable milestones, was just a harbinger of our second.



Samuel J. Palmisano
Chairman, President and Chief Executive Officer

“Corporations prosper only to the extent that they satisfy human needs. Profit is only the scoring system. The end is better living for us all.”

—Thomas Watson Jr., former chairman of IBM

A Different Kind of Company

It started with values. From its founding a century ago, IBM has been held together not by a new technology or business model, but by a shared set of beliefs. IBM's leaders were convinced that a strong company culture and a commitment to good corporate citizenship would lead to success in both business and society.

Over the years, the world has changed many times. Wars have been fought. Economic recessions have come and gone. Technological revolutions have changed the way we work and live. And during that time, IBM has reinvented itself more than a few times.

But through it all, IBMers have defined their actions—and their company's collective identity—according to a core set of values. They are the foundation that allows IBM not just to react to change, but to embrace and lead it. It is no exaggeration to say that without this steadfast commitment, IBM would not have survived the many challenges it faced during its first century, or be in a position of strength as it embarks upon its second.

It is also safe to say that this commitment has produced significant, measurable results—both in the form of profitable growth and in terms of societal impact. The latter is the subject of this report. This printed edition provides a broad overview, with in-depth information available online at ibm.com/2010crreport/.

In 1965, then Chairman Thomas J. Watson Jr., described the company's values this way: “We accept our responsibilities as a corporate citizen in community, national and world affairs; we serve our interests best when we serve the public interest... We want to be at the forefront of those companies which are working to make our world a better place.”

In 2003, IBM Chairman Sam Palmisano opened the company's global intranet to ValuesJam, a broad-ranging reexamination

of the role of beliefs and values within a radically different economic and societal reality. Most importantly, it aimed to further define what we, as IBMers, actually do value.

Being IBMers, tens of thousands of us joined in. Being IBMers, we took this opportunity very seriously—indeed, with a sometimes brutal honesty about where IBM stands as an enterprise, and what it needs to become. And being IBMers, we came to thoughtful and broad agreement on what distinguishes us at our core:

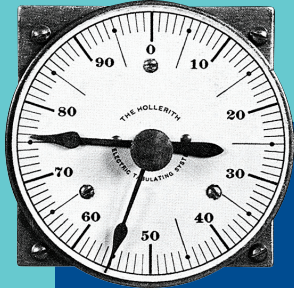
- + Dedication to every client's success
- + Innovation that matters—for our company and for the world
- + Trust and personal responsibility in all relationships

IBM has always been grounded in beliefs—under the Watsons, they were even called the Basic Beliefs. What has changed is the recognition that people's values can no longer be dictated to them from above. ValuesJam signaled a new management philosophy for a new era—a profoundly different way of forging enterprise identity from the bottom up.

On these pages you will find examples of IBM's values-based decisions, strategies and actions throughout its history. These accomplishments from our past reinforce our belief that values can be the driving force behind a successful business and add societal value. They also remind us of the role that private enterprise can and should play in society. And they strengthen our commitment and inform our approach to good corporate citizenship going forward.

“IBM is among the progressive companies ... that have achieved the seemingly impossible: high levels of business performance—innovation, growth and profit—and social good. They have mastered the tough challenge: building a resilient culture to flourish in turbulent times while leaving a positive mark on the world. While the short-term fortunes of any company, IBM included, can change precipitously, a high-performance, humanistic culture provides the foundation for sustainable growth, profit and innovation over the long term.”

Rosabeth Moss Kanter, Ernest L. Arbuckle Professor of Business Administration, Harvard Business School, and author of *SuperCorp: How Vanguard Companies Create Innovation, Profits, Growth, and Social Good*.



1911 IBM Founded

Even before IBM is officially founded in 1911, The Computing Scale Company, one of three companies that would later form IBM, hires Richard MacGregor, an African American employee, in 1899, as well as three women: Lilly J. Philp, Nettie A. Moore and Emma K. Manske. This occurs 10 years before the National Association for the Advancement of Colored People (NAACP) is founded, 36 years after President Lincoln signed the Emancipation Proclamation and 20 years before women would win the right to vote.

1953 Policy Letter #4

IBM President Thomas J. Watson Jr. issues Policy Letter No. 4, which states that IBM will hire people based on their ability, regardless of race, color or creed, one year before the 1954 Supreme Court decision *Brown v. Board of Education* and 11 years before the Civil Rights Act of 1964. This letter is the first U.S. corporate mandate on equal employment opportunity. This same year, IBM opens the first racially integrated manufacturing plant in Lexington, Kentucky, which lends momentum to racial integration of schools in the area.



2008 Corporate Service Corps

IBM launches the Corporate Service Corps, a leadership development program that deploys teams of IBMers to help solve complex problems in developing countries. Since its inception, the Corporate Service Corps has sent 1,000 IBMers to more than 20 different countries, including Brazil, China, Egypt, India, Ghana, Malaysia, Nigeria, the Philippines, Poland, Romania, South Africa, Tanzania, Turkey, Vietnam, Sri Lanka, Russia, Kenya, Indonesia and Morocco.



1936 Social Security System



IBM installs punched-card equipment to support administration of the U.S. Social Security Act of 1935. The project requires the creation and maintenance of employment records for 26 million Americans. 25 years later, Frances Perkins, Secretary of Labor from 1933–1945, said “there would not have been Social Security without IBM.”

1971 Corporate Policy on Environmental Responsibilities Established

IBM establishes its Corporate Policy on Environmental Responsibilities. The policy calls for IBM to address not only the waste that results from producing its products but also to consider the consequences of processes that are established during product development—what became, decades later, a regulatory focus known as “pollution prevention.”



IBM hires a legally blind employee, psychologist Dr. Michael Supa, to assist in the hiring of 181 people with disabilities over the following two years. Dr. Supa later helped IBM make its products more adaptable to the needs of the visually impaired. His motto was “No person is handicapped if he has the right job.”

1941 Dr. Michael Supa Hired



1944 IBM Supports UNCF



IBM becomes the first corporation to support the United Negro College Fund, and Thomas Watson Sr. personally solicited other founding corporate supporters. One-half century later, IBM donates \$10 million to the Fund's Campaign 2000.

1996 IBM Leads Education Summits

After launching Reinventing Education, a new approach to corporate responsibility using innovative technologies to make a difference in K-12 education, a critical issue to communities around the world, IBM designs a range of programs—including KidSmart, Reading Companion and TryScience—and in 1996 helps organize and run Education Summits on four continents, attended by governors, CEOs, educators and heads of state.



2011 Celebration of Service

To commemorate its 100th year as a corporation, IBM will host a Celebration of Service, encouraging its approximately 425,000 employees to devote at least eight hours to applying their talent and expertise to civic and societal needs. They will find opportunities to do this at IBM's On Demand Community, a unique website that enables IBMers to find volunteer activities and identify skills and expertise they can contribute to a cause.



A Century of Leadership

Since its founding in 1911, IBM has strived to do more than simply give back to society. To us, corporate responsibility has always meant expanding the expectations of what companies can and should do for society. On these pages are just a few examples of the groundbreaking ways we have led over the last 100 years.

Our Approach to Corporate Citizenship

Through the years, IBM has consistently expanded the definition of corporate citizenship, pushing the boundaries of what is expected of the responsible enterprise.

- + We identify and act upon new opportunities to apply our technology and expertise to societal problems (See Smarter Cities Challenge, page 7).
- + We scale our existing programs and initiatives to achieve maximum benefit (See World Community Grid, page 9).
- + We empower our employees and others to serve their communities (See Service Jam, page 10).
- + We integrate corporate citizenship and social responsibility into every aspect of our company (See Making IBM Work Better, pages 8-11).

We focus our community engagement and corporate service programs on specific societal issues, including the environment, community economic development, education, health, literacy, language and culture. These are areas of urgent societal needs where we can apply IBM's technology and talent to solve problems, rather than simply making cash donations. We believe that direct action and collaboration, not spare change, are the path to real change.

In all of our community service efforts, we aim to provide leadership, and we insist on excellence. Whether it's using voice recognition technology to help children learn to read or cloud computing to make disaster relief tools available instantly to recovery workers, we expect to effect widespread positive change. And we work closely with highly qualified partners who are deeply committed to the same outcomes. This is our approach to stakeholder engagement: to collaborate with leading organizations to evolve meaningful and sustainable solutions.

This commitment is fostered throughout the company, 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, its committees and our CEO regularly review performance and accountability.

On a day-to-day basis, our citizenship activities are managed by Corporate Citizenship & Corporate Affairs at IBM,



Smarter Cities Challenge:

APPLYING IBM EXPERTISE TO SOCIETAL CHALLENGES

For the first time in history, more than half of the world's population lives in cities. And the number of urban dwellers is expected to climb to almost 5 billion by 2030. This urbanization is putting strain on many of the systems that facilitate life in cities of all sizes, such as education, transportation, healthcare and public safety. So IBM announced the Smarter

Cities Challenge in November 2010, a \$50 million competitive grant program providing the services of IBM experts to 100 cities around the world over the next three years. The Smarter Cities Challenge will provide city leaders with ideas and strategies to improve efficiency, spur economic growth, engage citizens and more. Challenge grants all involve better use of

data and analytics to support better decisions. They also use City Forward, the new free Web-based platform IBM created in collaboration with city leaders, public policy think tanks and higher education institutions to offer city officials and citizens tools to compare and contrast best practices, guide decision making and foster greater citizen engagement.

which regularly reports to the Board on goals and performance. The vice president for Corporate Citizenship and Corporate Affairs at IBM also serves as the president of the IBM International Foundation, which is chaired by IBM's chairman and CEO.

It is only logical that responsibility for good corporate citizenship extends to all divisions of the company, because corporate citizenship at IBM consists of far more than community service. IBM is a company of more than 425,000 employees, doing business in nearly 170 countries. We manage a supply chain of more than 27,000 suppliers. We support a vast network of stakeholders—from clients, employees and business partners to community leaders and investors. And the work we do impacts not only other

companies' business success, but the efficiency and innovation of countries, cities, governments, communities and our planet's critical infrastructure.

For these reasons, IBM's business is inherently required to pursue the highest standards of social responsibility, from how we support and empower our employees, to how we work with our clients, to how we govern the corporation. In the following section of this summary, you will find four different aspects of corporate responsibility within IBM, along with examples of their accomplishments in 2010. For more comprehensive information on IBM's corporate responsibility, please visit our full report at ibm.com/2010crreport/corporatecitizenship.

Corporate Citizenship

For more detailed information on these and other aspects of IBM's corporate responsibility efforts, please visit ibm.com/2010crreport/corporatecitizenship.

Making IBM Work Better

Within IBM there are countless ways we practice good corporate responsibility. Corporate responsibility is inherent in our Board meetings, client engagements and business decisions. It is an integral part of our corporate culture.

However, there are four aspects of our responsibility efforts that are of particular interest to our stakeholders. They are:

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

The following sections will provide an overview of our approach to each of these functions, and some examples of how IBM practiced corporate responsibility during the 2010 calendar year. For more detailed information on these and other aspects of IBM's corporate responsibility efforts, please visit ibm.com/2010crreport/.

ENVIRONMENT

IBM has long maintained an unwavering commitment to environmental protection which was formalized by a corporate environmental policy in 1971. The 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.

IBM's comprehensive environmental programs range from pollution prevention and waste management to resource conservation and product design for the environment. Our energy and climate programs are highlighted here because of current global interest in the topic. In 2010, we achieved significant energy conservation results, implemented new solutions and

announced major scientific breakthroughs that will help reduce energy consumption around the world. Here are some examples of this progress:

Operational Energy Efficiency

Over the last two decades, IBM has avoided 5,400,000 megawatt-hours (MWh) of energy use and saved \$399 million in associated direct energy expense through conservation and procurement of renewable energy. But in 2009, IBM set a new goal: to further reduce its energy consumption by eliminating 1,100,000 MWh of energy use through conservation and efficiency by the end of 2012.

As of year-end 2010, IBM had saved 523,000 MWh of electricity and fuel toward that goal, exceeding an interim target of 496,000 MWh, and delivering over \$50 million in energy expense savings. IBM's strategy is focused on both reducing demand and conserving energy. To achieve these results, IBMers from across business units are collaborating to foster innovation and further efficiency practices.

Examples of projects implemented during 2010 include: data center workload consolidation and virtualization; greater deployment of IBM's unique Mobile Measurement and Management Technology; increased processor-level power management; implementation of free cooling infrastructure; and a wide range of energy conservation projects.

Data Center Energy Efficiency

IBM owns and manages a diverse portfolio of data centers. Over the course of 2010,

▶ Making IBM Work Better

For more detailed information on these and other aspects of IBM's corporate responsibility efforts, please visit ibm.com/2010crreport/.

IBM continued to apply the benefits of cloud computing to its data centers. Cloud computing is a more efficient model for providing IT services. It allows IBM to better balance workloads, adjust power consumption and virtualize infrastructure in data centers to better align processing needs with power consumption. The benefits of cloud computing are demonstrated by IBM's Technology Adoption Program (TAP), which supports the company's software development community. TAP deployed 55 new servers using cloud software, instead of the manual deployment of 488 new servers that would have been required in a "typical" data center environment. That translated into annual hardware savings of \$1.3 million and energy savings of more than 500 MWh per year.

Research and Development

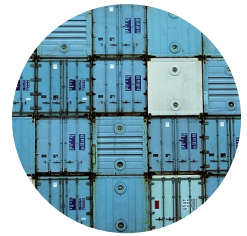
In 2010, IBM Research announced several innovations that could help significantly reduce IT energy consumption and demand for our company and our clients. Among them: CMOS Integrated Silicon Nanophotonics, or computer chips that use pulses of light (rather than electrical signals) to

communicate; a new chip-making technology for producing power-management semiconductors; and a hot water-cooled supercomputer that consumes 40 percent less energy than comparable machines.

SUPPLY CHAIN

IBM manages a supply chain of more than 27,000 suppliers in nearly 100 countries. We understand that managing a supply chain of this size carries with it considerable social responsibility. So we are continually expanding the definition of what it means to run a responsible supply chain, challenging ourselves and our suppliers to reach ever higher standards of social, economic and environmental benefit.

Every year our Supply Chain Responsibility team audits a portion of our suppliers, and works with them on Supplier Improvement Plans to address areas of noncompliance. The results of these audits can be found in the Performance Data Summary beginning on page 12. In addition, IBM is deeply involved with the Electronic Industry Citizenship Coalition (EICC), an industry group of more than 60 international companies in the technology sector, which



27k

IBM manages a supply chain of more than 27,000 suppliers in nearly 100 countries.



World Community Grid:

SCALING SOLUTIONS, MAXIMIZING BENEFITS

The world's most gifted researchers often lack access to funding or computing power in their pursuit of solutions to humanitarian issues. Thanks to new capabilities like grid computing, that no longer needs to be the case. IBM's World Community Grid—launched in 2004 and made available through grants to research organizations—pools processing power from idle computers around the world, creating a huge, virtual system that far surpasses the

computing capacity of even the most advanced supercomputer. Using the World Community Grid, research projects are split into small pieces that can be processed simultaneously, and research time is reduced from years to months or even weeks. At last count, more than 540,000 users and 1.7 million devices have contributed more than 400,000 years of computing to help researchers understand childhood cancer, HIV/AIDS, muscular dystrophy, clean energy and more. In 2010,

World Community Grid added a new goal to its portfolio: to help researchers find a way to satisfy demand for inexpensive, clean drinking water in developing countries. In September, IBM announced a clean water project with Tsinghua University in Beijing, China, in coordination with a consortium of institutions from all over the world. This work will endeavor to understand the molecular scale properties of a new class of efficient and inexpensive water filtration materials.

1.7m

devices used

540k

users

400k

years of computing

\$150b

Supplier Connection member companies collectively purchase more than \$150 billion in goods and services annually through their global supply chains.

has been integral in developing social and environmental standards and tools for demonstrating compliance. For more on our progress in these areas, please visit ibm.com/2010crreport/supplychain.

The efficiency and responsibility of the world's supply chains affect not only our environment, but our economy. The Center for an Urban Future, for example, found that, "suppliers to large corporations reported revenue growth of more than 250 percent (266.4%), on average, between one year before and two years after their first sale to a large corporation" and, "employment of respondents who supply large corporations increased, on average, by more than two-and-one-half times (164%)." In 2010, IBM made efforts to expand its use of small businesses within its own supply chain. With the goal of fueling economic growth and job creation in the United States, IBM and a consortium of large corporations are collaborating to make it easier for small businesses to potentially become suppliers to large companies. The companies in the consortium, called Supplier Connection, collectively purchase more than \$150 billion

in goods and services annually through their global supply chains. The participating companies include IBM, AT&T, Bank of America, Pfizer, Citigroup, UPS, Caterpillar and others. 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 whom they would do business. The site was created by IBM through a grant of more than \$10 million from the IBM International Foundation.

EMPLOYEES AND COMMUNITIES

At IBM we have always understood that the success of our company is dependent upon the success of our employees. That's why IBM has a long history of progressive workforce policies that support IBMers in their work and lives, including some of the earliest and most innovative practices in workforce diversity, employee well-being and leadership development. In these ways, and others, we are constantly reconsidering the approaches we take to making IBMers successful in a changing world. And 2010 was no different.



Service Jam:

HELPING THE SERVICE COMMUNITY HELP THE WORLD

For 100 years, service has been an essential element of IBM's culture and of what it means to be an IBMer. We believe this culture of service benefits IBM, IBMers and their communities on multiple levels: equipping IBMers to give back to their communities and apply their skills in meaningful ways; improving our employee satisfaction, attraction and retention rates; and helping us express IBM's brand and values to the world. In October 2010,

IBM hosted Service Jam, an online collaboration event that brought together a global audience of people representing nonprofit organizations, corporations, academic institutions and government agencies spanning ideologies and geographies. More than 15,500 people from 119 countries registered to discuss challenges in service and to share and develop ideas for making the world better through service. The conversations

were hosted by global leaders of business and community service, including IBM CEO Sam Palmisano, former U.S. President George H.W. Bush, and former Peace Corps leader Harris Wofford. Nearly 6,000 ideas and insights were expressed, and the results were captured in a comprehensive report, "The Systems of Service," which is available online (ibm.com/servicejam) to inspire and empower volunteers and inform their organizations.

15.5k

participants

Service Jam

For more detailed information on these and other aspects of IBM's corporate responsibility efforts, please visit ibm.com/2010crreport/servicejam.

Last year, IBM identified five traits that describe IBM at its best, collectively called our Corporate Character. They include: pioneering intellectual capital that creates new value; applying science to the challenges of business and society; being global, in presence, viewpoint and lasting impact; collaborating as experts dedicated to the success of others; and in so doing, making the world work better.

To help make our employees successful within this framework, we then created a working group and conducted hundreds of interviews with clients and internal leaders to help refresh and redefine the core competencies of IBMers at their best. These nine “IBM Competencies” map closely with our Corporate Character, and include a varied set of capabilities, from continuously transforming to acting with a systemic perspective. We believe that together with our newly codified Corporate Character, these IBM Competencies will help IBMers better understand what is expected of them, by our company and the world.

Also in 2010, IBM’s human resources leaders began a comprehensive program to reexamine the human resources function with an eye toward the next 100 years. Called HR ThinkFuture, the program included the more than 3,000 human resources professionals throughout the company in a wide-ranging exploration. Team leaders deployed IBM’s own virtual classroom technology and our collaborative brainstorming technology, called Jams. The result was a new approach to strategy development that will ultimately shape the next generation of HR innovation at IBM.

And the empowerment of employees is among the ways we help communities. Through programs such as Corporate Service Corps and TrailBlazer Grants, our employees’ skills, our most valuable asset, address challenges like economic development and strengthening nonprofits. Having real impact on the issues that most affect communities is the ultimate goal of our corporate responsibility.

GOVERNANCE, ETHICS AND INTEGRITY

Every business should, of course, adhere to the highest standards of conduct. But that imperative is especially urgent for a company whose services and technology support businesses, governments, schools, hospitals and much of the world’s critical infrastructure. Integrity, transparency, privacy and risk management are crucial to the viability of our business. They are at the heart of our commitment to making the world work better.

IBM practices this discipline both inside and outside the company. For example, IBM underwent a complete refresh of its internal Business Conduct Guidelines in 2010. The new guidelines are built upon the solid fundamental principles that have sustained us and brought us success, but have been refreshed to better fit our dynamic and increasingly complex business. Designed to be used as an online tool, the new guidelines connect IBMers to supporting resources and other essential guidance. The enhanced format includes learning aids, which are designed to help IBMers better understand and apply our fundamental principles in our daily work. These new guidelines were designed to be read more than once a year; a resource all IBMers can use to inform our daily actions and decisions.

Externally, IBM continued its work as a pioneer in privacy in 2010 by piloting cryptographic technologies that will enable European citizens to better protect their privacy and identities. The project, called ABC4Trust, uses privacy-enabling technology called Attribute-Based Credentials (ABC) that allow users to provide just the required information, without giving away a full identity. For example, instead of sharing the exact birthday or address by providing a copy of an identification card, users only prove that they are over 18 years of age, a student of a university or a citizen of a specific municipality, state or country.

425k

IBM employs about
425,000 employees.

2010 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 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 2010, this strategy enables us to provide timely, comprehensive and targeted learning while achieving more efficient, effective learning delivery.

	2006	2007	2008	2009	2010
Learning Investments Worldwide (\$M)	682	622	648	490	547
Learning Hours Worldwide (M)	19.6	22.3	23.2	25.5	28.6
Learning Hours Per Employee	55	58	61	64	67

IBM has a long-standing commitment to understanding employee issues and concerns through the use of employee surveys and analysis. In 2011, IBM will begin implementing a more contemporary approach to employee surveys. We will shift from large, enterprise-wide surveys to surveys tailored to local needs or focus areas that enable the business to move more nimbly. These new survey methods will include more frequent, targeted surveys focused on business performance. Employee participation in these surveys will help IBM develop more actionable insights around topics that are important to the targeted employee population and have direct application to moving the business forward. These survey techniques will also help foster a culture of analytics within IBM's business. (Note: The industry benchmark IBM compares itself against also declined from 2009 to 2010.)

	2006	2007	2008	2009	2010
Employee Satisfaction (%)	67	69	67	69	65

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 170 countries where we do business.

	2006	2007	2008	2009	2010
Women in IBM Workforce (%)					
Global Workforce	28.5	28.8	28.9	28.7	28.1
Global Executives	19.7	20.3	21.2	21.2	21.4
Managers	24.5	24.8	24.5	24.6	24.8

Global Illness/Injury Rate

Total Number (per 100 employees)	2006	2007	2008	2009	2010
	0.32	0.30	0.27	0.27	0.26

Retiree and Employee On Demand Community (Hours in Thousands)

Asia Pacific	134	163	143	118	111
Europe, Middle East, Africa	284	210	175	155	198
Latin America	31	42	41	43	44
North America	1,263	1,303	1,170	954	1,110

Total registrations inception through 2010 was 164,129.
(Employees: 150,356 Retirees: 13,773)

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 2010 met these goals. Our overall contributions rose by 1.8 percent, in line with the five-year trend.

IBM is a globally integrated enterprise operating in over 170 countries. In 2010, 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, cash as a percentage of total contributions dropped slightly in 2010, consistent with our emphasis on giving services and technology.

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 partners 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.

	2006	2007	2008	2009	2010
Global Corporate Contributions by Issue (\$M)					
K-12 Education	49.4	41.7	45.4	44.0	34.7
Higher/Other Education	51.5	49.2	82.6	92.4	116.8
Culture	12.3	11.9	10.5	5.7	3.2
Human Services	19.8	16.7	15.3	15.0	7.7
Health	10.6	4.6	4.0	4.2	4.3
Other	7.9	40.7	19.3	19.9	16.1
Environment	0.6	1.8	2.2	4.7	6.4
Total	152.1	166.6	179.3	185.9	189.2
Global Corporate Contributions by Type (\$M)					
Cash	48.8	43.8	42.9	40.3	39.3
Technology	59.2	55.8	93.8	102.2	105.3
Services	44.1	67.0	42.6	43.4	44.6
Total	152.1	166.6	179.3	185.9	189.2
Global Corporate Contributions by Geography (\$M)					
United States	95.7	91.8	94.6	77.1	75.8
Asia Pacific	19.9	22.3	24.4	45.4	34.8
Canada	4.0	3.6	3.4	8.4	6.8
Europe, Middle East, Africa	26.1	40.8	44.4	35.2	54.3
Latin America	6.4	8.1	12.5	19.8	17.5
Total	152.1	166.6	179.3	185.9	189.2

	2006	2007	2008	2009	2010
Employee Charitable Contribution Campaign (U.S.)					
Amount Donated (\$M)	34.7	35.1	36.1	36.1	36.2
Employee Participation Rate (%)	57	58	57	59	59
Recipient Agencies*	7,742	8,366	8,776	9,486	9,706
Employee Charitable Fund (Canada)					
Amount Donated (\$M)	3.4	3.3	3.0	3.0	3.0
Employee Participation Rate (%)	52	49	49	43	42
Recipient Agencies*	1,275	1,323	1,150	1,373	1,480

*Data for 2006–2009 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% of IBM's total energy use. IBM again achieved this goal in 2010, attaining a 5.7% savings from energy conservation projects.

	2006	2007	2008	2009	2010
Energy Conservation					
As % of total electricity use	3.9	3.8	6.1	5.4	5.7
Renewable Energy Procured					
As % of total electricity use	7.3	8.5	8.6	11.3	11.2

Between 1990 and 2005, IBM's energy conservation actions reduced or avoided CO₂ emissions by an amount equal to 40% 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% between 2005 and 2012 through energy conservation and the procurement of renewable energy.

As of year-end 2010, IBM's energy conservation results and procurement of renewable energy yielded a 16.7% reduction in its energy-related CO₂ emissions since 2005.

	2006	2007	2008	2009	2010
CO₂ Emissions Reduction					
% reduction against the 2005 base year	—	+2.0	-1.6	-5.7	-16.7

Product Energy Efficiency

Please visit ibm.com/2010crrreport/environment

	2006	2007	2008	2009	2010
Recycled Plastics					
% of total plastics procured through IBM contracts for use in its products that is recycle—against annual goal of 5%	11.7	10.6	10.3	13.2	11.5

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% of the total amount processed.

In 2010, IBM's PELM operations sent only 0.6% 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	1.1	0.8	0.6	0.5	0.6

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 21.6% in 2010.

Hazardous Waste Reduction (%)	-8.1	-8.4	-10.9	+8.4	-21.6
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Nonhazardous Waste Recycling					
% recycled of total generated against an annual goal of 67% (in 2006) and 75% (2007-2010)	76	78	76	76	79

IBM's goal is to achieve annual water savings equal to 2% 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 2010, new water conservation and ongoing reuse and recycling initiatives in IBM's microelectronics operations achieved an annual 1.8% savings in water use, resulting in a rolling five-year average of a 2.8% savings versus the 2% goal.

Water Conservation (%)	7.0	6.0	4.6	3.1	2.8
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Supply Chain

	2006	2007	2008	2009	2010
Supplier Spending by Category					
Services and General Procurement (%)	64	67	68	69	64
Production Procurement (%)	33	31	29	28	33
Logistics Procurement (%)	3	2	3	3	3
Services and General Procurement (\$B)	23.2	25.0	26.1	22.6	22.1
Production Procurement (\$B)	11.7	11.4	11.4	9.3	11.6
Logistics Procurement (\$B)	0.9	0.9	1.0	0.9	1.0

Supplier Spending by Location					
North America (%)	42	43	39	39	35
Asia Pacific (%)	27	26	30	29	35
Europe, Middle East, Africa (%)	26	27	25	25	22
Latin America (%)	5	4	6	7	8
North America (\$B)	15.0	16.0	14.9	12.8	12.3
Asia Pacific (\$B)	9.7	9.8	11.4	9.4	12.2
Europe, Middle East, Africa (\$B)	9.2	9.9	9.8	8.1	7.5
Latin America (\$B)	1.9	1.6	2.4	2.5	2.7

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)	12.7	12.6	12.5	10.9	10.7
Diverse U.S. (\$B)	1.3	1.4	1.5	1.4*	1.5
Diverse Non-U.S. (\$M)	615	709	745	806	74.2

*Data for 2009 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
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About this Summary

This Corporate Responsibility Summary, published in 2Q 2011, is intended to direct readers to our full 2010 Corporate Responsibility Report, which is available online at ibm.com/2010crreport/. Shifting our primary focus to an online report for the 2010 year represents a significant evolution in IBM's corporate responsibility reporting. IBM publishes the full corporate responsibility report annually during the second quarter.

The 2010 Corporate Responsibility Report, and this summary, cover our performance in 2010 and some notable activities during the first half of 2011. To select the content for inclusion in the 2010 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/2010crreport/gri) 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 2010 Annual Report at ibm.com/annualreport/2010/. IBM did not employ an external agency or organization to audit the 2010 Corporate Responsibility Report. The metrics contained therein and in this summary were generated using IBM's corporate accounting systems audited by IBM's internal audit staff.



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