

IBM Updates the SRI Community

November 19, 2007

Last March IBM hosted its first ever [webcast](#) with investors on the subject of corporate responsibility. During that web cast, which involved 44 analysts and 5 IBM Vice Presidents, we said we intended to have ongoing engagement with the SRI community by providing regular updates on activities at IBM that would be of interest to you. In this note you will find recent updates and information on IBM's activities in a number of environmental, societal, philanthropic and governance areas.

Although the period of time since our last interaction has been relatively brief there have been a number of very significant activities and events about which we'd like to update you. In July in Washington D.C., we launched our new Global Citizen's Portfolio including matching accounts for learning, a novel portable and flexible account dubbed a 401(k) for learning. In addition to announcing significant reductions in CO2 emissions we launched new "Green Data" centers as part of a \$1 billion commitment to energy conservation. In a large scale effort to take stakeholder engagement to the next level, our Global Innovation Outlook was executed with input from a range of stakeholders across the various sectors of the economy. And a host of innovative uses of technology applied against critical areas of need in the community were launched including a new internet site with the World Bank's International Finance Corporation to offer free guidance to small and medium sized enterprise to spur economic growth and a project with the Nature Conservancy to help address issues of water quality in the great river systems of the world.

Here is the update, and we would very much welcome any feedback on it and how we can better engage with the SRI community.

GLOBAL REPORTING INITIATIVE

IBM has [released](#) our response to GRI G3 at the "A" application level. This has been a significant cross-company effort involving 26 professionals working in community relations, diversity, employee well being, environmental affairs, governmental programs, human resources, investor relations, legal and supply chain. The GRI has been directly distributed to 14 SRI organizations via our participation in the OneReport service and will be posted on our external responsibility web site soon.

SRI INDEX MENTIONS

- 2007 Sustainable Asset Management score of 66, improving 7 points since 2006 and maintaining our presence on the global Dow Jones Sustainability Index
- Top 10 holding in the recently launched KLD Sustainability Index recognizing top environmental, social and governance performance.

ENVIRONMENT

- IBM's early leadership and action in energy conservation and climate protection have achieved significant results. From 2000-2006, IBM's energy conservation actions have saved 4.5B kWhr of electricity, avoided 3M metric tons of CO2 emissions (an amount equal to 44% of the company's 1990 emissions) and saved \$290M in energy expense.
- IBM reduced its PFC emissions from semiconductor manufacturing 55% from 2000-2006.
- IBM increased its procurement of renewable energy from 11M kWhrs in 2001 to 368M kWhrs in 2006, representing 7.3% of its energy purchases.
- Green Data Center: [Announced](#) a \$1 billion per year commitment to mobilize the company's resources to increase the level of energy efficiency in IT.
- In April, 2007 IBM and The Nature Conservancy announced a major collaboration called the Great Rivers Partnership, in an effort to guide protection of the world's imperiled freshwater systems. This collaboration is the result of a grant of technology and technical expertise from IBM to build a new computer-modeling framework that will allow users to simulate the behavior of river basins around the world, helping set policy and management decisions that conserve the natural environment and benefit people. The project will launch using data from the Paraguay-Paraná river basin in Brazil, and then is intended to expand to China's Yangtze River and the Mississippi River, creating a model that can be used with river systems around the world.
- The Beacon Institute and IBM are teaming to build the [River and Estuary Observatory Network](#), the first technology based monitoring and forecasting network for a major American river and estuary.

HUMAN CAPITAL

- *MoneySmart*: A multi-million dollar personal finance and education benefit program for its US employees that sets a new benchmark for corporate retirement planning. [Money Smart](#) combines in-person educational seminars, online tools and confidential, one-on-one personal planning sessions.

COMMUNITY

- [Announced the Global Citizen's Portfolio](#), a new package of capabilities that are integrated with existing IBM programs that provide IBMers with valuable tools to enhance their expertise and careers in a globally integrated economy. The portfolio consists of three new programs: 1) matching accounts for learning, 2) the corporate service corps and 3) a 'transitions to' program which creates bridges to opportunities in government, non-profits, education and economic development organizations.
- Rebuilt and re-launched the [Small and Medium Enterprise \(SME\) Toolkit](#), a collaboration with the World Bank's International Finance Corporation, to help SMEs in underserved and emerging markets grow and succeed. The Toolkit is available in 14 languages and 28 markets.
- IBM's World Community Grid, a public computing grid to support humanitarian research, passed the 750,000 devices milestone which equates to almost 118,000

- years of run time. The grid recently launched research initiatives focused on [climate modeling in Africa](#) and the identification of promising drug treatment for [dengue, hepatitis C, West Nile and yellow fever viruses](#).
- The [National Museum of African American History and Culture on the web](#), a collaboration between IBM and the Smithsonian, is the virtual precursor to the newest Smithsonian Museum to be built on the Washington Mall. Key functionality includes The Memory Book, a Web 2.0 application that collects stories from visitors to create a visualized, interlinked tapestry of bottom-up “people’s history” of the African American experience.

GOVERNANCE

- Hans-Ulrich Maerki, IBM’s European Chairman, gave the keynote on Global Governance and the role of Business in Society at the European Academy of Business in Society annual meeting to 300 leaders from Europe’s top business schools and corporations.

SUPPLY CHAIN

- Deployment of IBM’s supply chain social responsibility program has expanded to Eastern Europe, completing over 70 supplier location audits in 2007.

STAKEHOLDER ENGAGEMENT

- IBM’s [Global Innovation Outlook](#) (GIO) V3.0 brought together leaders from business, academia and politics from around the world to help create new opportunities for business and society. Topics for this year included Media & Content, Africa and Security & Society. Version 2.0 involved 248 stakeholders from nearly three dozen countries representing 178 organizations gathered on four continents.
- IBM’s Corporate Citizenship initiatives and strategy were one of two featured program areas at an information technology analyst forum in Asia Pacific involving over 90 industry analysts and 40 IBM executives.

AWARDS

- US EPA Climate Protection Award (first company to win the award twice) and US EPA/DOE Green Power Leadership Award
- 2007 Most Valuable Pollution Prevention Award from the National Pollution Prevention Roundtable
- The Climate Group Award for Low Carbon Leader
- Recipient of Disability Rights Advocate’s (DRA) prestigious Americans with Disabilities Act Eagle award for 2007
- IBM ranked #4 in Business Week’s *Best Places to Launch a Career* survey, ahead of Microsoft and Google
- Identified as a Top Corporation or Corporation of the Year by Women’s Business Enterprise National Council, DiversityBusiness.com, Hispanic Trends, American Indian Enterprise Development, Asian Enterprises and Black Enterprise magazine

Thank you again for taking the time to review IBM's recent activities in a number of environmental, societal, philanthropic and governance areas. We look forward to any feedback and questions you may have.

Reference URLs

Title	URL
IBM Corporate Responsibility Webcast	http://www.ibm.com/investor/events/responsibility0307/
GRI Index	https://www.one-report.com/report/gri-index2.html?companyid=99
IBM Unveils Plan to Combat Data Center Energy Crisis...	http://www-03.ibm.com/press/us/en/pressrelease/21524.wss
Technology to keep electronic eye on Hudson River	http://www.ibm.com/news/us/en/2007/08/2007_08_16A.html
IBM Offers Employees Personal-Finance Program	http://www.rechargermag.com/articles/45377/
I.B.M. Plan Ties Training and Accounts	http://www.nytimes.com/2007/07/25/technology/25training.html?_r=1&oref=slogin
SME Toolkit	http://www.smetoolkit.org/smetoolkit/en/index
AfricanClimate@Home	http://www.worldcommunitygrid.org/projects_showcase/ach/viewAchMain.do
Discovering Dengue Drugs - Together	http://www.worldcommunitygrid.org/projects_showcase/dddt/viewDddtMain.do
National Museum of African American History and Culture	http://www.nmaahc.si.edu/
Global Innovation Outlook	http://domino.research.ibm.com/comm/www_innovate.nsf/pages/world.gio.html