

# SASB Index Software IT Services Standard

In 2021, the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC) merged into the Value Reporting Foundation in response to calls for convergence across the global field of corporate reporting.

The [Sustainability Accounting Standards Board \(SASB\)](#) is an independent non-profit organization that develops and disseminates sustainability accounting standards to help public corporations disclose material, decision-useful information to investors. SASB Standards guide the disclosure of financially material sustainability information by companies to their investors. Available for 77 industries, the Standards identify the subset of environmental, social, and governance (ESG) issues most relevant to financial performance in each industry.

The Software & Information Technology (IT) Services industry offers products and services globally to retail, business, and government customers, and includes companies involved in the development and sales of applications software, infrastructure software, and middleware. IBM discloses many of the suggested indicators while others we do not. The index below notes our publicly available information that aligns with the standards. For more information on IBM's ESG Reporting please visit [www.ibm.com/impact](http://www.ibm.com/impact).



## Environmental Footprint of Hardware Infrastructure

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Accounting Metric	Category	SASB Code	Disclosure
(1)Total energy consumed, (2)Percentage grid electricity, (3)Percentage renewable	Quantitative	TC-SI-130a.1	Total energy consumed in 2021 was 3,804,164 MWh. IBM increased its consumption of renewable electricity to approximately 2,068,000 MWh in 2021, representing 64.2% of its total electricity consumption. That includes 49.3% contracted directly from power suppliers and 14.9% already in the electricity mix we received from the grid. Please refer to the <a href="#">2021 ESG Report Addendum: Energy and Climate Change</a> for more information.
(1)Total water withdrawn, (2)total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	TC-SI-130a.2	IBM uses a different KPI than recommended by SASB to address water conservation in water-stressed regions. IBM's water conservation goal is to achieve year-to-year reductions in water withdrawals at larger IBM locations and data centers in water-stressed regions. Water metrics and conservation initiatives are disclosed in our <a href="#">2021 IBM ESG Report</a> .
Discussion of the integration of environmental considerations into strategic planning for data center needs	Discussion and Analysis	TC-SI-130a.3	We take a holistic approach to managing and improving the energy efficiency of our data centers—from improving existing space to derive more workload per area; to modernizing our IT infrastructure and reducing its energy consumption; to building or leasing new, higher-efficiency space. Please refer to our <a href="#">2021 IBM ESG Report</a> for more information.

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## Data Privacy & Freedom of Expression

Accounting Metric	Category	SASB Code	Disclosure
Description of policies and practices relating to behavioral advertising and user privacy	Discussion and Analysis	TC-SI-220a.1	<p>IBM publishes several key documents on user privacy and behavioral advertising:</p> <ul style="list-style-type: none"> <li>-The <a href="#">IBM Privacy Statement</a> describes how we collect, use and share user information. It also details our policies and practices related to advertising.</li> <li>-<a href="#">IBM's Principles for Trust and Transparency</a>, which are core principles— grounded in commitments to Trust and Transparency—that guide our handling of client data and insights, and also our responsible development and deployment of new technologies.</li> <li>-The <a href="#">IBM Privacy Portal</a> allows users to control the information IBM has about them, allowing them to access and correct the information and to set or update marketing communication preferences.</li> </ul>
Number of users whose information is used for secondary purposes	Quantitative	TC-SI-220a.2	The <a href="#">IBM Privacy Statement</a> describes how we collect, use and share user information. It applies to the IBM Corporation and IBM subsidiaries except where a subsidiary presents its own statement without reference to IBM's. The company does not specifically disclose TC-SI-220a.2.
Total amount of monetary losses as a result of legal proceedings associated with user privacy	Quantitative	TC-SI-220a.3	Any material losses would be disclosed in our <a href="#">2021 IBM 10-K</a> filings. There were no reported material losses in FY 2021.
(1)Number of law enforcement requests for user information, (2) number of users whose information was requested, (3)percentage resulting in disclosure	Quantitative	TC-SI-220a.4	<p>This is discussed in our Law Enforcement Transparency Request Reports for <a href="#">IBM 1H 2021</a> and <a href="#">IBM 2H 2021</a>:</p> <ol style="list-style-type: none"> <li>1) 59 law enforcement requests for user information</li> <li>2) 0 user data requests</li> <li>3) 91.5% requests resulted in disclosure</li> </ol>
List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	Discussion and Analysis	TC-SI-230a.5	IBM's <a href="#">Open Letter to Our Clients About Government Access to Data</a> details IBM's record around data security and privacy for its clients. It also explains IBM's position for government requests for data.

## Data Security

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Accounting Metric	Category	SASB Code	Disclosure
(1)Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	Quantitative	TC-SI-230a.1	Any material losses would be disclosed in our <a href="#">2021 IBM 10-K</a> filings. There were no reported material losses in FY 2021.
Description of approach to identifying and addressing data security risks, including use of third-party cyber security standards	Discussion and Analysis	TC-SI-230a.2	We have established policies and procedures that provide the foundation upon which IBM's infrastructure and data are managed. We regularly assess and adjust our technical controls and methods to identify and mitigate emerging cybersecurity risks. We use a layered approach with overlapping controls to defend against cybersecurity attacks and threats on networks, end-user devices, servers, applications, data and cloud solutions. We draw heavily on our own commercial security solutions and services to mitigate cybersecurity risks. We also have threat intelligence and security monitoring programs, as well as a global incident response process to respond to cybersecurity threats and attacks. In addition, we utilize a combination of online training, educational tools, videos and other awareness initiatives to foster a culture of security awareness and responsibility among our workforce. See page 54 of the <a href="#">2021 IBM Annual Report</a> for more information.

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## Recruiting & Managing a Global, Diverse & Skilled Workforce

Accounting Metric	Category	SASB Code	Disclosure
Percentage of employees that are (1)foreign nationals and (2)located offshore	Quantitative	TC-SI-330a.1	IBM reports EEO-1 data, which includes data for all US employees on IBM's payroll, including active full-time, part-time, casual, temporary (if on the company payroll), co-ops/interns, and people on short-term disability. Not included are employees who are inactive, terminated or on severance, retired (but still on the payroll for benefits or payouts), expatriates, contractors, inpatriates on foreign payrolls, or people on long-term disability. More information is available on page 28 of our <a href="#">2021 IBM ESG Report</a> .
Employee engagement as a percentage	Quantitative	TC-SI-330a.2	IBM leaders were activated through digital enablement and workshops, while senior leaders were activated through key activities within the Acceleration Team. Most notably, the growth behaviors were embedded across strategic HR portfolios so that they represent what we look for when we hire, how we recognize and reward teams, and how we measure engagement and performance, as well as how we assess, select, and develop leaders. The IBM Growth Behaviors site, launched in Q1 with digital enablement learning and resources, was visited by over 32,000 IBMers, followed in Q2 by the IBM Growth Leadership Workshop, completed by more than 9,700 leaders over 454 sessions. More information is available on page 29 of our <a href="#">2021 IBM ESG Report</a> .
Percentage of gender and racial/ethnic group representation for (1) management, (2)technical staff, and (3)all other employees	Quantitative	TC-SI-330a.3	Please see the table "Representation and Hiring Trends" on pages 27-28 in our <a href="#">2021 IBM ESG Report</a> .

## Intellectual Property Protection & Competitive Behavior

Accounting Metric	Category	SASB Code	Disclosure
Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative	TC-SI-520a.1	Any material losses would be disclosed in our <a href="#">2021 IBM 10-K</a> filings. There were no reported material losses in FY 2021.

## Managing Systemic Risks from Technology Disruptions

Accounting Metric	Category	SASB Code	Disclosure
Number of (1)performance issues and (2)service disruptions; (3)total customer downtime	Quantitative	TC-SI-550a.1	IBM considers this to be confidential information.
Description of business continuity risks related to disruptions of operations	Discussion and Analysis	TC-SI-550a.2	Business Continuity Risks related to disruption of operations are discussed in Section 1A of our <a href="#">2021 IBM 10-K</a> .

## Activity Metrics

Activity Metric	Category	SASB Code	Disclosure
(1)Number of licenses or subscriptions, (2)percentage cloud- based	Quantitative	TC-SI-000.A	IBM uses a variety of KPIs to communicate our business performance to investors other than those suggested by SASB. For IBM's KPI's please review our <a href="#">2021 IBM 10-K</a> and quarterly <a href="#">2021 IBM 10-Q</a> filings available on our investor relations website.
(1)Data processing capacity, (2)percentage outsourced	Quantitative	TC-SI-000.B	IBM uses a variety of KPIs to communicate our business performance to investors other than those suggested by SASB. For IBM's KPI's please review our <a href="#">2021 IBM 10-K</a> and quarterly <a href="#">2021 IBM 10-Q</a> filings available on our investor relations website.
(1)Amount of data storage, (2)percentage outsourced	Quantitative	TC-SI-000.C	IBM uses a variety of KPIs to communicate our business performance to investors other than those suggested by SASB. For IBM's KPI's please review our <a href="#">2021 IBM 10-K</a> and quarterly <a href="#">2021 IBM 10-Q</a> filings available on our investor relations website.



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