

Having transformed ourselves through multiple eras over 105 years, IBM has an informed perspective on the topic of sustainability. We have learned that the key to survival is understanding what defines you at your core, remaining true to that and being ready to change everything else.

We also know that sustainability for business requires an enduring, equitable and prosperous society. We have been reminded of this over the past decade, as we have transformed our company once again in response to a world being reshaped by data, cloud computing and cognitive technology — what the world knows as AI.

Earlier this year, we established a new set of principles to promote transparency and trust in the cognitive era. These principles address:

- ⦿ The **purpose** of cognitive systems, which is to augment human capability, expertise and potential.
- ⦿ **Transparency** about when AI is being applied, what data sources and training the system has received, and who owns the data and insights in a cognitive solution.
- ⦿ **Skills** needed for students, workers and citizens to engage safely, securely and effectively in a relationship with cognitive systems and to perform the new kinds of work and jobs that will emerge in a cognitive economy.

These principles are in line with IBM's ongoing commitments to corporate responsibility and to ensuring that each generation's revolutionary technology contributes to business, environmental and societal progress. These commitments are also why:

- ⦿ We designed a new six-year public high school educational model to address the growing need for what we call "new collar" jobs. The first of these schools — called Pathways in Technology Early College High School, or P-TECH — opened five years ago in Brooklyn. There will soon be 100 schools of this kind.
- ⦿ We developed the IBM Health Corps, a global pro bono program focused on tackling health disparities at the community level.
- ⦿ We saved 7 million megawatt-hours of electricity consumption and \$579 million through energy conservation actions from 1990 through 2015.
- ⦿ We reduced our 2015 carbon dioxide emissions by 28.7 percent versus a 2005 baseline, adjusted for divestitures, as specified in our third-generation carbon dioxide reduction goal.
- ⦿ We increased our consumption of renewable energy through contracted purchases (over and above the quantity already included in the grid) from 0.2 percent in 2001 to 16.2 percent in 2015. Including purchases through the grid, 32.4 percent of IBM's electricity consumption in 2015 came from renewable sources.

For more than 100 years, IBM has been innovating to solve the world's most critical problems. As we enter this new era, we are more optimistic than ever about the opportunity we see before us for economic prosperity and societal progress.



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Virginia M. Rometty

Chairman, President and Chief Executive Officer