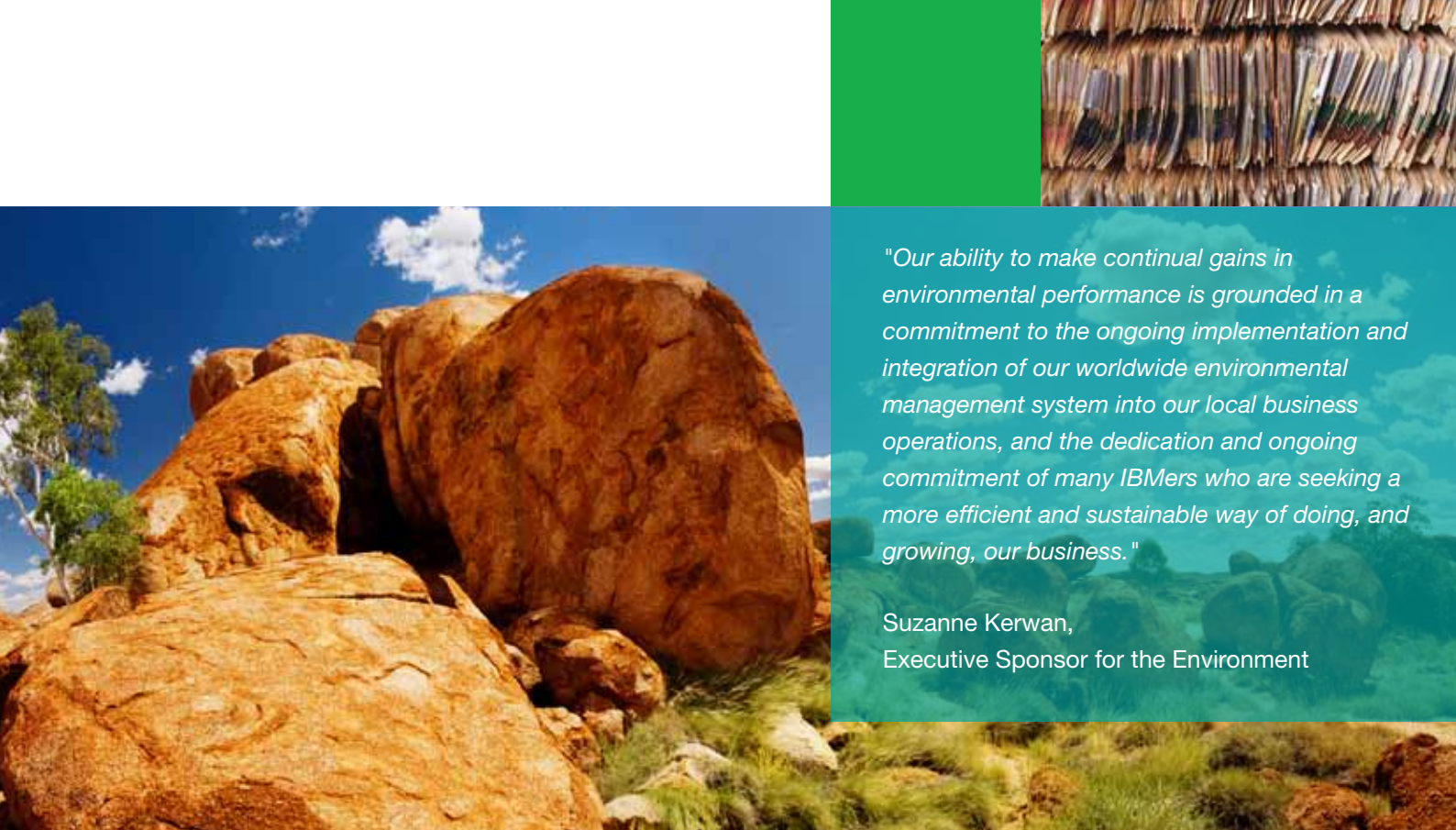




**Highlights of 2008  
environmental  
performance for  
Australian operations**



*"Our ability to make continual gains in environmental performance is grounded in a commitment to the ongoing implementation and integration of our worldwide environmental management system into our local business operations, and the dedication and ongoing commitment of many IBMers who are seeking a more efficient and sustainable way of doing, and growing, our business."*

Suzanne Kerwan,  
Executive Sponsor for the Environment

## Minimising IBM's impact on the planet

**A dedication to creating solutions that help protect the world's environment is not just part of IBM's smarter planet agenda; it has been one of the guiding principles of our company for nearly four decades.**

IBM's longstanding commitment to environmental protection was first formalised as a corporate policy in 1971. From how we run our operations to the products and solutions we provide to our clients, we are committed to leadership across environmental areas ranging from energy efficiency and water conservation to pollution prevention and product stewardship.

To identify and effectively manage the potential environmental impact of our operations, IBM established and has maintained a worldwide Environmental Management System (EMS) since the late 70's. The EMS is integral in our efforts to protect the environment and drive energy efficiency. It forms a crucial foundation of our broader commitment to corporate citizenship.

The IBM worldwide Environmental Management System is implemented in Australia. Local environmental programs cover areas such as: chemical and waste minimisation and management; energy efficiency and conservation; environmental evaluation of suppliers; product stewardship and end-of-life management; incident prevention, preparedness, response and reporting; and environmental due diligence for real estate transactions. IBM has introduced and integrated voluntary environmental goals and targets supported by the business into facility operations and product development processes to further drive continual environmental improvement. Governance and controls posture are key elements of these processes.

**We are committed to environmental leadership in all of our business activities, from our operations to the way we design our products and use technology. Our efforts in this regard reduce our costs, help create a healthy workplace for our employees and clients, and help to protect the environment that nurtures us all.**

## ISO 14001: EMS Accreditation

In 1997, IBM became the world's first major multinational to have earned a single worldwide registration to the ISO 14001 Environmental Management System standard. The registration covers IBM's manufacturing, product design and hardware development operations across its business units worldwide. IBM was able to earn its single worldwide registration to ISO 14001 because of its longstanding global environmental management system.

IBM has since expanded its global ISO 14001 registration to include chemical-using research locations, and several IBM country organisations who have voluntarily obtained ISO 14001 registration covering nonmanufacturing locations. The IBM West Pennant Hills site in Australia has maintained this accreditation (certificate number 43820.36) since 2002. In October 2008 the Baulkham Hills data processing centre was also added to the IBM global ISO 14001 EMS accreditation.

## Product Stewardship Program

IBM's Product Stewardship program was established in 1991 to bring additional focus to the corporate environmental affairs policy objectives on product environmental design and performance.

The Product Stewardship program within IBM's worldwide EMS provides development organisations with direction and goals, infrastructure, tools and expertise to apply environmental life cycle considerations from product concept through product end-of-life management. The objectives of IBM's Product Stewardship program include:

- Develop products with consideration for their upgradeability to extend product life.
- Develop products with consideration for their reuse and recyclability at the end of product life.
- Develop products that can safely be disposed of at the end of product life.
- Develop and manufacture products that use recycled materials where they are technically and economically justifiable.
- Develop products that will provide improvements in energy efficiency and/or reduced consumption of energy.
- Develop products that minimise resource use and environmental impacts through selection of environmentally preferred materials and finishes.

Environmental design requirements are communicated and verified with suppliers.

## Product End-of-life Management Programs - Reuse and Recycling

As part of its product end-of-life management (PELM) activities, IBM began offering product take back programs in Europe in 1989 and has extended and enhanced them over the years.

Since 1995, when IBM first began reporting the volumes of product waste it recovered in the company's annual corporate environmental report, IBM has documented the collection and recovery of more than 1.6 billion pounds (729.2 million kilograms) of product and product waste worldwide through year-end 2008.

In 2008, IBM's PELM operations worldwide processed 42,302 metric tons of end-of-life products and product waste. These PELM operations reused or recycled 96.9 percent of the total amount processed and sent only 0.6 percent to landfills or to incineration facilities for treatment, versus IBM's corporate goal of minimizing its combined landfill and incineration rate to no more than 3 percent.

IBM continues to conduct environmental evaluations of its product recycling and disposal suppliers, as it has done since 1991. In 2002, to address general concerns about electronic waste being exported to some non-OECD countries where it was then being improperly handled, IBM expanded its supplier evaluation requirements to include assessments of subcontractors the suppliers may use to handle recycling and/or disposal operations in non-OECD countries. In addition, IBM has criteria to avoid the sale of technologically obsolete or non-functional equipment to brokers for resale. Moreover, brokers who procure used products or parts from IBM for resale are required to sign an agreement not to resell into non-OECD countries if the broker knows or has reason to believe that the equipment and/or parts will not be used for their originally intended purpose without the need for disassembly or disposal.

IBM has IT equipment refurbishment and reuse operations in Australia.

IBM first began recycling IT equipment from its operations in Australia in the late 80's with a more formal program established by 1994.

- In 2008, IBM in Australia reused and recycled over 640 tonnes of IT equipment with <1% disposed to landfill.
- In 2008, IBM continued to recycle 98% of computer equipment that was assigned for scrapping from IBM operations and at end of lease.
- In 2008, the IBM Printer Supplies Return program diverted from landfill and primarily recycled over 15 tonnes of print consumables in Australia.



## Victorian Byteback pilot

IBM sold its worldwide Personal Computing Division in 2005 to Lenovo. Having said this, IBM voluntarily participated in the Victorian Byteback pilot to help develop a cost effective and environmentally responsible computer recovery and recycling scheme and to encourage a national solution for end of life PCs currently disposed by consumers into landfills.

- Australian Information Industry Association (AIIA) and 10 members are participating in the Victorian Government Byteback pilot, a free service for the community to dispose of old PCs and peripherals in an environmentally responsible manner. Byteback operating from July 07 to-dates. IBM participated July 2007 to December 2008 to help develop a suitable collection and recycling scheme with government and use findings to help establish a national approach. Findings are to be used in development of a national PC take back scheme that includes legislation to prevent free riders and promote a fair and equitable playing field.
- IBM Byteback efforts July 2007 to December 2008 collected 4,846 units weighting almost 58 tonnes costing over AU\$55K for the 18 months period. Employees in Victoria were encouraged to use the service for recycling their old IT equipment.

## Waste Minimisation and Management

IBM has long been focused on recycling its nonhazardous waste. Our goal is to send an annual average of 75% of the nonhazardous waste generated at locations managed by IBM to be recycled.

- In 2008, IBM sent 79% of its non-hazardous waste to be recycled worldwide.
- In 2008, 64% of non-hazardous waste was recycled from IBM leased and operated location in Australia, up from 57% in 2007.
- Almost 90% of 285.57 tonnes of non-hazardous waste was diverted from landfill and primarily recycled from the National Head Quarters in Sydney.
- In addition almost 80% of 123.67 tonnes of non-hazardous waste was diverted from landfill and reused and recycled from the national distribution warehouse in Sydney.

Improvements to office waste recycling systems and employee awareness and education activities supported the better performance in the region.

### Conserving raw materials and waste avoidance

In 2008, office paper use in Australia fell by 13% or 6.1 million sheets to 41.8 million sheets, saving AU\$64K in Australia. Each employee used 5.8 Reams of office paper per year, down from 7 Reams.



## Energy Efficiency and Conservation & Climate Protection

At IBM, we are taking a proactive approach to address the complex issue of anthropocentric global warming. Firstly, by applying our technological and engineering leadership to reduce emissions associated with our operations, and secondly, to create innovative IT solutions and increasing the energy efficiency of our products to support clients.

IBM has comprehensive and multifaceted programs focused on energy efficiency and climate protection. They include:

- Reducing greenhouse gas emissions associated with the company's operations by:
  - Conserving energy;
  - Reducing perfluorocompound (PFC) emissions;
  - Using renewable energy;
  - Supporting alternate employee commute options; and
  - Increasing the efficiency of the company's logistics.
- Developing energy efficient products and providing diverse solutions for energy efficient data centres.
- Collaborating with our clients and others on innovations that help protect the world's climate.

IBM's commitment to energy conservation dates back to 1974 and has continued, unabated, over the intervening years. In 2008, IBM's energy conservation projects across the company delivered savings equal to 6.1 percent of its total annual energy use, exceeding the corporate goal of 3.5 percent. These projects avoided the consumption of 235 million kilowatt hours (kWh) of electricity and 6.3 million gallons of fuel, representing the avoidance of 215,000 metric tons of CO<sub>2</sub> emissions. The conservation projects also saved US\$32.3 million in energy expense.

Between 1990 and 2005, IBM's energy conservation actions reduced or avoided CO<sub>2</sub> emissions by an amount equal to 40 percent of its 1990 energy use. To further extend this achievement, IBM set itself an aggressive "second generation" goal: to reduce the CO<sub>2</sub> emissions associated with its energy use 12 percent by 2012 against a 2005 base year through energy conservation and the procurement of renewable energy.

In 2008, IBM's significant conservation results delivered a 3.4 percent reduction in its energy-related CO<sub>2</sub> emissions over 2007. The company's procurement of renewable energy equalled 8.6 percent of IBM's total 2008 energy use. Together, these efforts resulted in a 1.6 percent reduction in IBM's energy-related CO<sub>2</sub> emissions at year-end 2008 from the 2005 base year of this goal.

- In 2008, Australia delivered an energy conservation saving of 4.5% against the corporate target of 3.5% of actual annual electricity and fuel used.
  - saved 4,462 MWh and over AU\$320K
  - avoided 4,400 tonnes of carbon dioxide equivalent emissions
  - purchased 3.9 GWh/yr of government accredited GreenPower renewable energy
- Energy conservation projects included upgrades of major building infrastructure to energy efficient chillers, cooling towers and generators, and many lighting projects were completed which improved lighting controls at many of our locations in Australia.
- As a further example in 2008 GHG emissions from Australian employees air travel for business reduced by 8% YoY – or over 1,500 tonnes CO<sub>2</sub>

## Remediation and Protection

### Biodiversity Protection

In 2008 we continued to implement the IBM Native Vegetation Regeneration Plan at our West Pennant Hills site. The site has remnant 'Sydney Blue Gum High Forest' and 'Sydney Turpentine Ironbark Margin Forest' located on site. These critically endangered communities have been listed for protection at both the State and National levels. The IBM site at West Pennant Hills, in combination with the neighbouring Cumberland State Forest, maintains some unique and rare plant communities and fauna in good condition, with less than 1% of these vegetation types remaining intact throughout the Sydney region.

### Additional information:

1. Corporate Environmental Affairs web site:  
[ibm.com/ibm/environment/index.shtml](http://ibm.com/ibm/environment/index.shtml)
2. IBM's latest Corporate Environment Report at:  
[ibm.com/ibm/environment/annual/](http://ibm.com/ibm/environment/annual/)
3. IBM's Australian environmental web site:  
[ibm.com/ibm/au/environment/index.html](http://ibm.com/ibm/au/environment/index.html)





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