IBM Solutions for Corporate Social Responsibility and Sustainability

Metric-based, rigorous solutions for socially responsible and sustainable business

Corporate Social Responsibility and Sustainability for Business Value

Today, more than ever, organizations are focused on corporate social responsibility (CSR) and sustainability as a strategic objective. Our global survey of business leaders worldwide shows that 60 percent say that CSR has increased in importance over the last year. The conditions of a faster, flatter, more interconnected world and a new awareness of systemic risk and its consequences are without question changing business strategy. At the same time, leading organizations are recognizing that profit at the expense of the environment and social good is ultimately not sustainable.
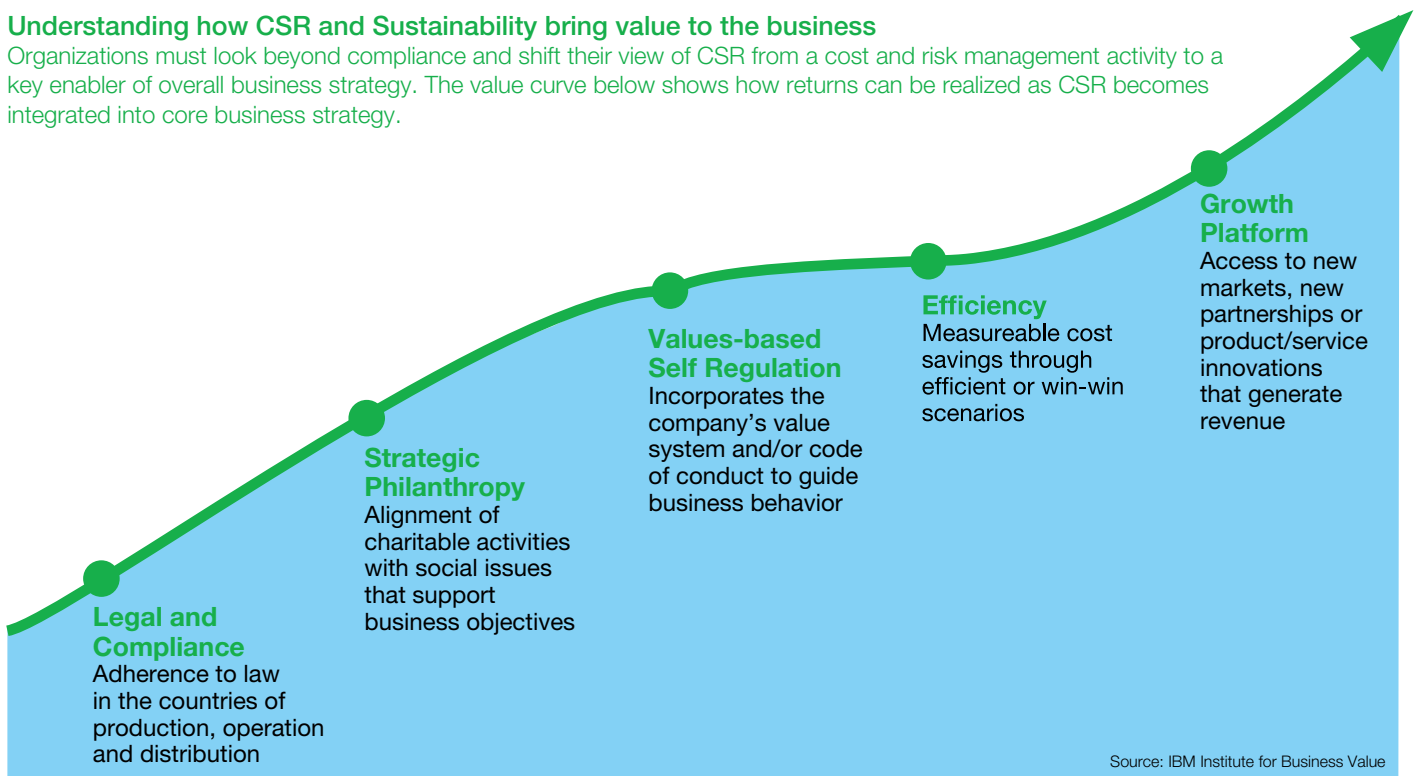
Organizations are finding new ways to source, produce and distribute goods in a more sustainable manner while simultaneously lowering costs. They are actively engaging stakeholders — from governments, NGOs, and communities to employees, suppliers, and customers, to create better products and services. And they are learning that they can improve sustainability while also increasing operational efficiency and performance.

IBM has brought its view of corporate social responsibility and accountability to enterprises worldwide. Our distinctive solutions, many of them grounded in analytics, help clients assess the current and future impact of their activities, re-evaluate everything from product development to partnerships, and execute these new strategies in a cost effective and timely manner.

The CSR Value Curve: a shift from costs to returns

Understanding how CSR and Sustainability bring value to the business

Organizations must look beyond compliance and shift their view of CSR from a cost and risk management activity to a key enabler of overall business strategy. The value curve below shows how returns can be realized as CSR becomes integrated into core business strategy.

Growth Platform
Access to new markets, new partnerships or product/service innovations that generate revenue

Efficiency
Measureable cost savings through efficient or win-win scenarios

Values-based Self Regulation
Incorporates the company's value system and/or code of conduct to guide business behavior

Strategic Philanthropy
Alignment of charitable activities with social issues that support business objectives

Legal and Compliance
Adherence to law in the countries of production, operation and distribution

Source: IBM Institute for Business Value

Our CSR and Sustainability Solutions

IBM offers a comprehensive array of sustainable services and solutions across every aspect of the enterprise:

- Facilities and Asset Management
- Environmental Product Lifecycle & Supplier Management
- Sustainable Distribution & Logistics
- Governance & Strategy
- Employee & Stakeholder Management

Facilities and Asset Management:
The business of carbon, energy, water and waste

How effectively your facility, plant, or infrastructure consumes key resources such as energy and water and reduces carbon dioxide (CO_2) emissions and waste directly impacts both your bottom line and the environment.

IBM helps organizations identify and reduce inefficiencies tied to physical resources such as energy, carbon, water, and waste. We apply the rigor and discipline of Lean Six Sigma for environmental purposes (IBM Green Sigma™) to improve

management of these areas. We develop and monitor key performance indicators (KPIs), enable real-time dashboards, and use advanced analytics to achieve specific environmental and business goals, including making important optimization decisions, understanding carbon trading options, and reducing overall expenses.

Green on the scene:

IBM deployed sensors and software in one of its own manufacturing plants to analyze the real-time carbon emissions of its operations. A carbon console provides a complete view of the data. Using IBM Green Sigma™ processes to address and manage energy consumption and carbon emissions, operations were redesigned to achieve significant reductions in both areas and provide a cost savings of nearly 20%.

Environmental Product Lifecycle and Supplier Management
The right product from inception to redemption

Consumers have shifted their focus from the end product to the entire chain of activities used to create them and their quest for information has grown exponentially. The sourcing, design, composition, production, and disposal processes are critical to cost containment and meeting consumer expectations. Getting it right is difficult, since most product development cycles require the monitoring of countless suppliers, vital cost trade-offs, and careful environmental impact analysis.

IBM brings new methodologies for designing and manufacturing environmentally friendly products including lifecycle design techniques and traceability solutions. Our sustainable procurement solutions focus on collaboration, best practices, metrics, and key performance indicators in order to analyze and implement environmental and ethical sourcing programs.

Green on the scene:

Omron, an electronic control and automation equipment maker, enlisted IBM to help comply with EU and global standards on hazardous substance identification. IBM's solution included an environmental product development program to meet the needs of customers and suppliers.   With help from IBM, other industry leading clients have successfully integrated sustainable procurement and supplier strategies with metrics that link to overall business goals, benefiting their bottom line.

Sustainable Distribution & Logistics:
Balancing trade-offs between cost, quality, service and carbon

Fluctuating fuel costs, impending carbon legislation, and new customer concerns are reshaping the way businesses optimize their distribution and logistics strategies.

IBM's optimization solution helps companies reduce costs related to CO_2 emissions and fuel usage by providing a detailed analysis of supply chain logistics variables to find improvements and efficiencies across the distribution network. Our solutions include a detailed look at information as specific as fuel type, transport lanes and modes, demand volume, carbon price, and geographic location in order to balance trade-offs and optimize for cost, quality, service, and carbon.

Green on the scene:

Global logistics giant COSCO wanted to reduce energy inefficiencies while maintaining high quality and customer service levels. To meet these needs IBM analyzed their logistics information ranging from product demand and volume, geographic location, operational capacity, carrier type, load and fuel costs, carbon emissions, and carbon price. The solution modeled an optimization strategy that balanced environmental considerations and service and quality needs. As a result, COSCO was able to reduce logistics costs by 23% and carbon emissions by more than 100,000 tons per year while maintaining their quality and service levels.

Governance & Strategy:
Incorporating sustainability into core business strategy

Most organizations have only begun to define how CSR should affect their business goals, impact operations, and ultimately provide business value. They need support in identifying and gathering the information needed to develop meaningful, actionable and measurable objectives that directly support their overall business strategy.

IBM helps organizations get to the heart of developing sustainable strategies and programs, tackling tough issues such as environmental policies, labor practices, regulatory compliance, corporate values, sustainability metrics, and growth strategy. With a focus on benchmarking and sharing best practices in sustainability, our clients are able to create a compelling vision, a case for change, and the strategy to implement it.

Green on the scene:

Investment management firm Jantz Morgan wanted to ensure that CSR informed all aspects of their business. IBM helped the company develop a strategic plan to integrate and implement CSR throughout its business strategy, focusing on issues ranging from transparency to environmental impact and community participation. Other benefits realized by our clients include action-able roadmaps for ongoing carbon emissions.

Employee and Stakeholder Management
Captivating, engaging, and empowering your most vital assets

CSR presents one of the few moments in business history where there is as much interest from the entry level employee as there is from senior management to get involved. But most businesses today take a top-down approach, missing a chance to openly collaborate across the organization and create a groundswell of innovation.

IBM helps companies address their employee engagement with collaborative tools and programs. From a stakeholder perspective, engaging customers, understanding their needs, and then shaping their experience through products and communication channels is critical. Socially responsible organizations are also more likely to attract the talented recruits that share their values and support their goals.

Green on the scene:

As a leader in environmental conservation, Natural England needed to ensure its 2,500 employees were reducing their carbon impact. After an analysis of the organization's culture, IBM developed an engagement approach and behavioral change program to help staff reduce their carbon footprint and adjust to new ways of working. The solution included the creation of a graphical display of carbon emissions data to engage staff and track performance against established targets.

An example of how IBM considers the entire operation from strategy to operations:

Carbon emissions from procurement through consumption

Carbon emissions can occur throughout the entire enterprise, from product inception to use, from materials sourcing and distribution, to how strategy is realized and data is monitored and measured. But most organizations today are not taking a holistic approach to the issue. IBM has developed a comprehensive suite of offerings to address carbon both as a regulatory concern and a cost reduction opportunity through all of these aspects of your business.

At the solution's core are intensive data and analytic tools that measure operational performance against a range of mandated and industry specific carbon emissions metrics, enabling clients to comply with carbon legislation requirements, reduce carbon dioxide emissions, participate in carbon trading, manage global supply chain interconnectivity, and perform sophisticated carbon trade-off analysis.

Success in total carbon emission reduction and management will require carbon intelligence - a new approach to deploying, adopting, and measuring performance within the organization. This will include sensors to collect data, collaboration tools to share information with business partners, dashboards to visualize it, and analytics to optimize operations. Success also means effectively managing change and employee engagement strategies to enable this transformation. IBM brings this discipline and competency to our clients.

About IBM: The right partner for a changing world

IBM's unparalleled ability to collaborate with you in bringing together deep business insight, advanced research, and innovative technology will give your organization a distinct advantage in today's increasingly connected world. With expertise in 17 industries and resources located in over 170 countries, IBM has the world's largest business consulting organization.

And when it comes to CSR and sustainability, IBM is a recognized leader in corporate environmental policy, supply chain ethics and strategic philanthropy:

- Since the early 1970's IBM has had a documented environmental governance system in place.

- Between 1990 and 2007, IBM achieved total energy savings of more than $310 million and reduced or avoided CO_2 emissions by 45%.

- IBM co-founded the Electronics Industry Citizenship Coalition to develop an industry-wide, standards-based approach to monitoring, educating and certifying suppliers' performance.

- The IBM Corporate Service Corps has placed employees in strategic emerging markets to work on core societal, educational and environmental challenges.

- With 42% of IBM employees working remotely, IBM has mature mobility and collaboration programs that have reduced energy consumption and saved $100 million a year in real estate costs and $97 million in travel costs.

For more information please visit:

ibm.com/gbs/sustainability - for IBM client services related to sustainability and Corporate Social Responsibility

ibm.com/green- for IBM client solutions and products related to environment and energy

ibm.com/responsibility - for information about IBM's own practices related to corporate responsibility

IBM