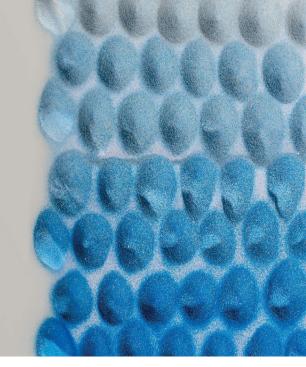# IBM Australia – Modern Slavery Statement 2024

A Message from IBM Australia's Managing Director

International Business Machines Corporation (IBM® or the company), as well as the reporting entities the subject of this Statement, is committed to respecting human rights and maintaining the highest ethical standards.

"Trust and personal responsibility in all relationships" is the core value at IBM and is central to how we operate.

In our 2024 Modern Slavery Statement, we reflect on our processes and reaffirm our commitment to address and eliminate modern slavery practices. This statement outlines how we continue to work to mitigate potential risks within our operations and supply chains, to ensure we uphold our commitment to the highest ethical standards.

This Modern Slavery Statement was approved by the Board of IBM A/NZ Holdings Pty Limited.
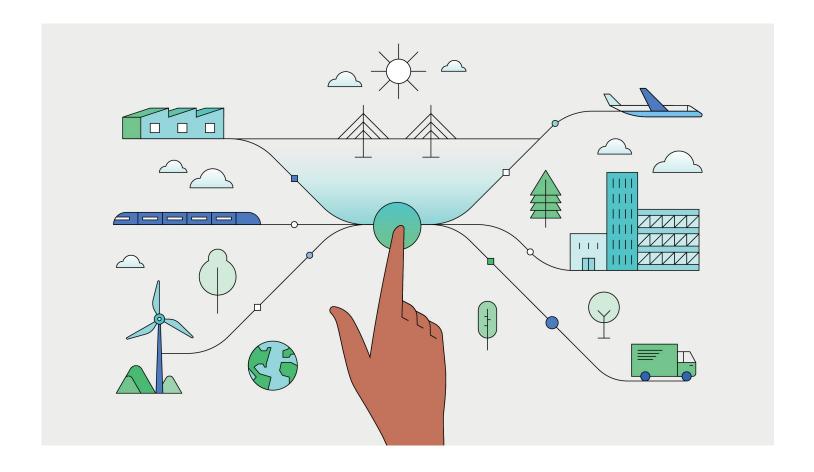
Nicholas Flood
IBM A/NZ Holdings Pty Limited
June 2025

Introduction

This Modern Slavery Statement, submitted in accordance with the Modern Slavery Act 2018 (Cth), by IBM A/NZ Holdings Pty Limited (ABN 12 105 319 248) and its subsidiary IBM Australia Limited (ABN 79 000 024 733), together referred to as IBM Australia throughout this statement. It covers IBM and IBM Australia's actions throughout IBM's 2024 financial year which ends on 31 December 2024.

IBM structure, business operations and supply chains

About IBM

IBM, founded in 1911, is headquartered in Armonk, New York, U.S.A., and is a globally integrated entity, operating in more than 175 countries worldwide. IBM Australia Limited was established in 1932.

IBM is addressing the hybrid cloud and Artificial Intelligence (AI) opportunity with a platform- centric approach, focused on providing client value through a combination of technology and business expertise. We provide integrated solutions and products that leverage data, information technology, deep expertise in industries and business processes, with trust and security and a broad ecosystem of partners and alliances. Our hybrid cloud platform and AI technology and services capabilities support clients' digital transformations and help them engage with their customers and employees in new ways. These solutions draw from an industry-leading portfolio of capabilities in software, consulting services and a deep incumbency in mission-critical systems, all bolstered by one of the world's leading research organisations.

At year-end 2024, IBM's four business segments were: Software (Hybrid Platform & Solutions and Transaction Processing), Consulting (Business Transformation, Technology Consulting, and Application Operations), Infrastructure (Hybrid Infrastructure solutions including IBM zSystems™, Distributed Infrastructure solutions such as Power and Storage solutions, remanufacturing and remarketing of used equipment with a focus on sustainable recovery services, and integrated technical support), and Financing (Client and Commercial).

IBM's mission

IBM has a strong history of social responsibility demonstrated throughout its 114-year history, dating back to the fundamental beliefs of its founder Thomas Watson. IBM's values of dedication to every client's success; innovation that matters – for our company and the world; trust and personal responsibility in all relationships form the foundation of how we conduct business in a globally integrated fashion. As a global company, IBM pursues the highest standards of corporate responsibility in all we do, such as supporting and empowering employees, working with clients and suppliers, and governing our company. Internally, the issue of prevention of modern slavery is a shared responsibility across multiple organisations which collaborate on this and other areas of social responsibility.

IBM structure, business operations and supply chains

Our principles and governance

IBM's long-term performance strategy integrates economic, environmental, and societal performance and leadership. The IBM Board of Directors oversees our long-term business strategy and is actively engaged in ensuring that our culture reflects its commitment to integrity, trust, transparency, and inclusion. The Board and its committees have oversight responsibility for Environmental, Social and Governance (ESG) related matters and are continuously engaged with senior management on risk management and activities, policies and progress on these matters. Under their guidance and supervision, IBM senior management is responsible for our environmental and social performance. Our ESG function coordinates day-to-day ESG and corporate responsibility-related activities and is led by the Vice President & Chief Impact Officer who reports to the Senior Vice President, Marketing and Communications.

The following two groups work to integrate ESG activities across the business:

The Environmental, Social and Governance Executive Steering Committee provides leadership and direction on key corporate responsibility issues and organization-wide goals. It meets monthly, chaired by the Vice President, Corporate Social Responsibility & Chief Impact Officer, and includes senior executives from functional areas across the company. Each functional area is responsible for developing its specific goals and strategies.

Members include:

- Chair: Vice President, Chief Impact Officer

- Vice President and Chief Operating Officer, IBM Research

- Vice President, Chief Sustainability Officer

- Vice President & Chief Leadership, Culture, and Inclusion Officer

- Vice President & Chief Privacy and Responsible Technology Officer

- Vice President, Chief Procurement Officer

- Vice President & Controller, Environmental, Social, and Governance

- Vice President, Government and Regulatory Affairs

- Global Head of Investor Relations

- Vice President, Assistant General Counsel & Corporate Secretary

- Vice President, Global Chief Risk Officer

- Global Managing Partner, IBM Consulting

IBM structure, business operations and supply chains

The Environmental, Social and Governance Working Group executes and maintains awareness of ESG matters occurring across our company, monitors regulators and standard-setters' sustainability-related matters and helps bring the interests of external stakeholders and IBM's value chain forward for discussion. It includes representatives from functional areas across IBM and meets regularly to review key policy and strategic issues, and to make recommendations to the ESG Steering Committee.

During 2024, the above matrixed governing-forums have reviewed IBM's internal and external efforts associated with the prevention of modern slavery. The company actively enforces its extensive policies and practices addressing how its business units are to operate ethically and sustainably. A roster of relevant documents for 2024 are listed on the IBM Reports and Policies website: https://www.ibm.com/impact/ reports-and-policies.

In 2019, we adopted a Human Rights Statement of Principles that represents our commitment to respect all human rights in line with international standards such as the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

In particular, IBM addresses its stance on the prevention of modern slavery through its Global Employment Standard (Freely Chosen Employment provision) - Corporate Instruction HR-114. HR-114 is the internalisation of the Responsible Business Alliance (RBA) Code of Conduct, and our means of integrating that Code into IBM's global operations. These two standards are embedded in the practices across the countries in which IBM operates in.

All employees and external stakeholders have access to these standards.

On an annual basis all IBM employees are required to take an online certification of IBM's Business Conduct Guidelines https://www.ibm.com/investor/att/pdf/IBM_Business_Conduct_Guidelines.pdf.

We have identified salient human rights issues relative to our business and have prioritized areas for future due diligence within our human rights strategy. With the assistance of a leading third party, we are performing a broader assessment to identify areas in which we can advance our human rights initiatives.

IBM entities worldwide align with and adhere to a uniform set of global policies and processes in place across IBM, including those outlined in this Statement. The IBM Australia entities consulted internally and also with IBM. This is overseen by the management boards of the IBM Australia entities.

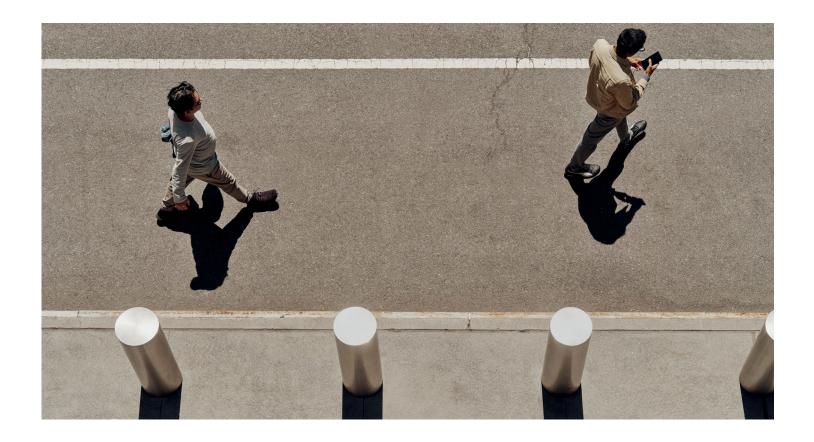# IBM structure, business operations and supply chains

Our supply chains

Across IBM's global operations, Global Procurement has responsibility for all purchases needed to run IBM's business and to fulfil the delivery of our products, software, and services to clients. IBM has an effective global/regional procurement structure responsible to select suppliers and commit IBM funds via contracts and purchase orders.

IBM conducts business with suppliers that provide hardware components to IBM's manufacturing sites producing, testing, and customising logo products for world markets. IBM currently does not manufacture, or have manufactured for it, hardware products in Australia.
Hardware supplier relationships are managed by purchasing groups in Asia Pacific, Europe, and the Americas.

For local procurement activities in Australia, a large, dedicated team was responsible for procurement in accordance with IBM's global charter, to meet the needs of IBM's operations and its clients in country. In 2024, there were substantial purchases by IBM Australia from hundreds of suppliers, predominantly local, across the following broad categories:

- Facilities (for example maintenance, food service, and security)

- HR Services (for example administrative human resources)

- Logistics (for example transportation of hardware products for customer installation)

- Marketing Communications

- Software

- Technical products (for example non-IBM branded hardware and field maintenance)

- Technical services (for example business and technical human resources)

- Telecommunications (for example mobile communications, office phones, and teleconferencing)

Modern slavery risks

IBM Australia complies with Australian laws applicable to it including those that deal with the prevention of slavery and other exploitative practices like human trafficking, forced labour, child labour and debt bondage such as Sections 270 and 271 of the Criminal Code Act 1995 (Cth), and relevant sections of the Migration Act 1958 (Cth) and the Fair Work Act 2009 (Cth).

For large companies, the risk of modern slavery typically resides in the extended upstream supply chain, where the rigorous controls of a global company's policies and practices can be challenging to implement and sustain. Our internal hiring and engagement practices are robust, and existing procedures are designed to help ensure that no modern slavery exists within our organisation.

Externally, we have taken an active role in social responsibility in the supply chain dating back more than 20 years when it established a dedicated department to focus exclusively on the establishment of policies, practices, and initiatives to identify and take measurable action on areas of concern in the supply chain. This department facilitates efficient and direct business partnerships between IBM suppliers and appropriate procurement personnel, who then embed the RBA Code into practice.

Modern slavery prevention and due diligence

As a founding member of the Responsible Business Alliance (RBA), formerly the Electronic Industry Citizenship Coalition (EICC), IBM has adopted the RBA Code of Conduct. As of today, over 260 members have adopted this code, spanning up to five tiers of supply chains. We hold ourselves and our supply chain accountable to this code, which prohibits forced labour in any form, including but not limited to, bonded (including debt bondage) or indentured labour, involuntary or exploitative prison labour, slavery or trafficking of persons.

Membership of the RBA requires IBM to endorse the RBA Code for its operations, thus IBM aligned its internal policies and practices with the Code. The RBA Code of Conduct principles and commitments are reinforced within IBM's aforementioned Global Employment Standard, which is part of IBM's Policies & Principles as published at: https://www.ibm.com/impact/reports-and-policies.

IBM requires its direct suppliers of hardware, software, and services to work toward and remain conformant with the RBA Code and to pass on the code, principles and requirements in their supply chain. Setting this expectation with new suppliers begins during onboarding, where IBM introduces the RBA Code of Conduct and our expectation of full conformance. As part of onboarding, new suppliers (in all countries) are required to sign a contractual agreement (called the RBA Letter Agreement) to comply with the RBA Code, or to demonstrate equivalency through a respective code and practices.

The RBA Code explicitly addresses the prevention of Slavery and Human Trafficking as follows:

Forced labour in any form, including but not limited to, bonded (including debt bondage) or indentured labour, involuntary or exploitative prison labour, slavery, or trafficking of persons is not permitted. This includes transporting, harboring, recruiting, transferring, or receiving persons by means of threat, force, coercion, abduction, or fraud for labour or services. There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities including, if applicable, workers' dormitories or living quarters. As part of the hiring process, all workers must be provided with a written employment agreement in their native language, or in a language the worker can understand, that contains a description of terms and conditions of employment. Foreign migrant workers must receive the employment agreement prior to the worker departing from his or her country of origin and there shall be no substitution or change(s) allowed in the employment agreement upon arrival in the receiving country unless these changes are made to meet local law and provide equal or better terms. All work shall be voluntary, and workers shall be free to leave work at any time or terminate their employment without penalty if reasonable notice is given, which shall be clearly stated in workers' contracts. Participants shall maintain documentation on all leaving workers. Employers, agents, and sub- agents may not hold or otherwise destroy, conceal, or confiscate identity or immigration documents, such as government-issued identification, passports, or work permits.

Notwithstanding the foregoing, employers can only hold documentation if necessary to comply with the local law. In this case, at no time shall workers be denied access to their documents.
Workers shall not be required to pay employers' agents or sub- agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be be repaid to the worker.

Modern slavery prevention effectiveness

In 2024, online educational materials were made available to IBM suppliers relating to the RBA Code of Conduct elements (Labour, Health and Safety, Environment, Ethics, and Management Systems). These materials have been developed by RBA with input from various members and external stakeholders. We enhanced our supplier communications and education materials by emphasising the proactive measures suppliers need to take to address all aspects of conformance to the RBA Code. IBM targeted these courses to its suppliers undergoing audits as further investment in growing the capabilities of our suppliers in terms of social responsibility. IBM verifies its suppliers' compliance with the RBA Code using a robust annual assessment program that engages a cross-section of companies in countries where the risk of noncompliance is elevated. Through various sources of specific risk analysis, IBM determined its supply chain in Australia to be of comparably lower risk than our supply chains in other countries. Therefore, in 2024 no social responsibility audits (RBA Validated Audits) were chartered with any IBM suppliers in Australia.

In the period from January through December 2024, IBM received and analysed 69 RBA audits (39 initial audits and 30 re-audits) from suppliers in: Brazil, Chile, China, Colombia, Germany, Greece, Hungary, India, Italy, Japan, Malaysia, Mexico, Philippines, Serbia, Singapore, Taiwan, Thailand, United Arab Emirates, United Kingdom and the United States.

Analysis of the 39 initial audits indicated that 26 suppliers located in Brazil, Chile, China, Colombia, Germany, Hungary, India, Italy, Malaysia, Philippines, United Arab Emirates and United Kingdom incurred a total of 23 major or minor non-conformances under the Prohibition of Forced labour provision of the RBA Code. Instances were found of non-compliance with RBA Code of Conduct or local legal requirements in management systems and associated regular management reviews; the absence of an adequate management system; the failure to conduct risk analyses; non- voluntary overtime requirements, worker-paid fees during the recruitment process; inadequate notice periods; and/or and excessive working hours or overtime.

Among these findings, there were no instances of workers subject to the worst forms of modern slavery (that is, human trafficking, wage-less bonded labour, or surrender of personal documentation). IBM carefully follows the RBA audit process, requiring root cause and corrective actions to be implemented for all Code nonconformance. IBM reviews Corrective Action Plan (CAP) implementations prior to RBA re-audits on all non- conformance findings.

This includes CAPs associated with the Prevention of Forced labour provision of the Code. IBM takes non-conformances seriously and dedicates time to advising its vendors on best practices to achieve and maintain code conformity. IBM and its suppliers have implemented or are developing corrective action plans to address and resolve these issues. As of April 16, 2025, Corrective Action Plans have addressed nearly 60% of the identified non-conformances and re-audits will confirm this or have already. IBM works with suppliers on resolution of remaining findings with appropriate timelines.

In late 2020, IBM partnered with Stop The Traffik (a UK NGO with 15 years of experience in strategies to disrupt human trafficking), to further develop our internal online training to fight modern slavery. All IBMers have access to this and, in 2024, the Procurement teams in Australia also participated in the refreshed online course on Modern Slavery and specific aspects of Forced Labor prevention learnings.

A parallel avenue of engagement is the work IBM completed to apply leading-edge technology to this challenging issue. In conjunction with the coalition, Stop The Traffik (STT), law enforcement agencies, and financial institutions, IBM deployed cloud and artificial intelligence technology to create an on-line data analytics application Traffik Analysis Hub (TAH) to track and counteract the trade of human beings on a global basis.

Authenticated partners upload non-personal data relating to human trafficking. TAH uses AI to aggregate and interpret this data, transforming it into information that members can act upon in the prevention of modern slavery. IBM uses the TAH tool to gain additional insight into supply chain countries (including Australia) that have heightened risk for upstream modern slavery.

More details can be found at: https://stopthetraffik.org/what-we-do/traffik- analysis-hub