

# INTERNATIONAL BUSINESS MACHINES CORP.

**TICKER:**  
NYSE:IBM

**MARKET CAPITALIZATION:**  
US\$ 165 billion

**HEADQUARTERS:**  
United States

**10 OUT OF 20**

Company’s Overall Ranking

**45 OUT OF 100**

Company’s Overall Score

International Business Machines Corp. (IBM) demonstrates moderate disclosure of its policies and practices related to mitigating the risk of human trafficking and forced labor in its supply chain, ranking tenth overall on the benchmark. IBM’s score is driven by its strong disclosure of policies and standards relevant to human trafficking and forced labor and its robust management accountability and responsibility for this issue. It engages in multi-stakeholder and industry initiatives on the topics of human trafficking and forced labor through its participation in the Electronic Industry Citizenship Coalition (EICC)’s thematic work groups. IBM has an opportunity to improve its benchmark performance, especially in the areas of supply chain workers’ recruitment, empowerment, and remedy programs.

**THEME LEVEL SCORE**

Commitment and Governance	90 out of 100
Traceability and Risk Assessment	63 out of 100
Purchasing Practices	50 out of 100
Recruitment	17 out of 100
Worker Voice	6 out of 100
Monitoring	43 out of 100
Remedy	50 out of 100

**LEADING PRACTICES**

**Commitment and Governance:** IBM states that it has a Supply Chain Social Responsibility team that, together with its Procurement team, enforces the EICC Code of Conduct throughout IBM’s supply chain and monitors compliance, including on human trafficking and forced labor. Notably, its Chief Procurement Officer reviews the results of all supplier assessments. Furthermore, IBM has an internal online course available to all of its employees that are involved in sourcing and supplier management. The course provides training on its Supply Chain Social Responsibility program, including matters related to forced labor and human trafficking.

**NOTABLE FINDINGS**

**Traceability and Risk Assessment:** IBM uses the EICC Self-Assessment Questionnaire to determine suppliers’ risk level of non-compliance with the EICC Code of Conduct, including human trafficking and forced labor. The company discloses the names and locations of its first-tier suppliers and some information on its extended supply chain, particularly a list of smelters and refiners in its supply chain, which includes the minerals each facility processes (tantalum, tin, tungsten and gold)



and countries in which they are located.

**Integration into Supplier Contracts:** IBM includes requirements to prevent human trafficking and forced labor in contracts with suppliers. Furthermore, IBM outlines an expectation of its own suppliers to cascade IBM's social standards and the EICC Code to its extended supply chain.

**Stakeholder Engagement:** The company discloses that in 2014 it participated in many EICC working groups, including the Conflict Minerals, Asia Program Outreach, and Validated Audit Process working groups. Furthermore, as part of its involvement with the EICC, it facilitated multi-stakeholder dialogue on forced labor in countries such as the United States, China, and Malaysia.

## OPPORTUNITIES FOR IMPROVEMENT

**Recruitment:** IBM may consider implementing policies and processes that address the recruitment practices of its suppliers to minimize the risk of forced labor. For example, the company may consider requiring that recruitment agencies in its supply chain uphold workers' rights, require that no fees be charged during any recruitment processes conducted throughout the supply chain, and audit recruiters in its supply chain to assess risks of forced labor and human trafficking.

**Worker Voice:** The company is encouraged to disclose on how it engages the workers in its supply chain and whether it trains them on their rights. IBM may consider adopting programs that educate suppliers' workers on how to use grievance mechanisms to report potential violations of their rights. The company may also require its suppliers to ensure that their workers are able to pursue alternative forms of organizing in countries where freedom of association is restricted.

**Remedy:** The company can improve its performance by establishing and disclosing on procedures to remedy violations of workers' rights in its supply chain, and reporting examples of the outcomes of such a remedy process.

## COMPANY PROVIDED ADDITIONAL DISCLOSURE:

[No.](#)

