



Norwegian Transparency Act  
- Åpenhetsloven -

International Business Machines AS

Report for the year 2023

## 1. Background

The Norwegian Transparency Act shall promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services. Being subject to the Transparency Act, International Business Machines AS (hereinafter IBM Norway and/or "we", "us", "our") undertakes human rights and social due diligence assessments within our organization and supply chain as elaborated below. Additional information further to the Transparency Act can be requested by sending an email to [infonorway@ibm.com](mailto:infonorway@ibm.com).

IBM Norway is a country subsidiary and sales organization of ultimate parent, International Business Machines Corporation. Our IBM technology unit sells hardware and Software which is produced by IBM Corporation (hereinafter "IBM") either directly or via distributors and resellers who are authorized by IBM ("IBM Business Partners", in the "IBM Ecosystem"). Our IBM consulting unit offers services directly or via the IBM Ecosystem.

## 2. IBM values

IBM has a long tradition as a company of operating responsibly. For decades, IBM has connected economic goals with commitment to nature and society. The recognition of and respect for human rights and the environment have always been of central importance. This commitment is reflected in the IBM Principles on Human Rights:

*"IBM is committed to high standards of corporate responsibility. Our definition of corporate responsibility includes environmental responsibility, as well as social concerns for our workforce, clients, business partners, and the communities where we operate. Underpinning our corporate responsibility standards and practices is our dedication to respect human rights. IBM's stance on human rights is informed by international standards, including the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Universal Declaration of Human Rights. "*

Some highlights illustrating IBM's sustained efforts to protect human rights include that in 1953, IBM published the first equal opportunity policy letter. In 1968, IBM established a supplier diversity program and in 2004, IBM became one of the founding members of the Responsible Business Alliance (RBA).

IBM had already adopted corporate guidelines, e.g., the IBM Global Employment Standards, long before respective legislation on human rights obligations in value chains came into force. These guidelines focus on several human rights aspects, such as:

- Freely chosen employment,
- Prohibiting child labor,
- Wages and working hours,
- Non-discrimination and harassment,
- Freedom of association and
- Health & safety,

Current guidelines and IBM policies can be found [here](#). References on how IBM creates innovation, policies and practices that prioritize ethics, trust, transparency, and accountability are available [here](#).

IBM invests in its employees' professional development with a range of advanced tools and resources that empower IBMers to direct their own career paths and build the skills required to pursue their goals.

Our next generation learning strategy deeply centers on skill growth, and IBM has refreshed our internal learning and educational program (Your Learning) to better align with this strategy. IBM's enterprise-wide shift emphasizes learning and experiences to build skills and expertise critical to job roles and internal mobility.

IBM has a long-standing commitment to the health, safety, and well-being of its employees. This commitment is embodied in the IBM Health and Safety Policy which is implemented in compliance with country legal requirements and through an externally certified Health and Safety Management System (HSMS). IBM's HSMS provides a framework to manage evolving health and safety risks. Objectives of IBM's HSMS include providing a safe and healthy workplace, preventing work-related injuries and illnesses, enhancing worker health and productivity, and providing resources to fulfil these commitments.

IBM offers a wide range of health promotion services and programs, covering many aspects of employee well-being: physical, mental, and financial health. All IBMers worldwide have confidential, 24/7 access to mental health support through employee assistance programs and supplemental resources. Employees also have access to the Mental Health Ally Badge program, an online training designed to help employees become mental health allies. The program covers basic information about mental health and teaches employees how to recognize and address stigma, and how to help connect peers in need of support with an appropriate service or resource.

IBM Norway focuses on a positive work environment through internal oversight and guidance. The Works Council (Arbeidsmiljøutvalget) together with the human resources manager, safety representatives and union representative, foster a positive work environment, and participate in the planning and actions related to employees 'Health environment and safety' (HSE) in the workplace.

IBMers represent a talented and diverse workforce. Inclusivity and diversity in the workforce are business priorities that are fundamental to IBM's competitive success. IBM champions all diverse communities of IBMers and supports every employee to thrive and bring their authentic selves to work. Communities include Women, LGBTQ+, People with Diverse Abilities, Black, Hispanic, Native American, Pan-Asian and Veteran. IBM sets strategy for each of the communities annually through Community Leadership Councils which are supported by our most senior IBM leaders and amplified through our Business Resource Groups. Business Resource Groups are volunteer, employee-led groups formed around a common interest, bond, or background.

IBM Norway is a partner of the Nordic IT-sector network [ODA](#) and dedicated to promoting gender equality and diversity in the tech industry. Through mentor and rotational programs, leadership development and coaching, IBM Norway seeks to continuously inspire for a diverse and inclusive industry.

IBM has a long-standing practice of maintaining pay equity, which has been part of IBM [policies](#) since 1935 and IBM remains firmly committed to equal pay for equal work. IBM's continuing commitment to the protection of human rights is also reflected in its EcoVadis rating. [EcoVadis](#) provides business sustainability ratings, creating a global network of more than 130,000+ rated companies. In 2022, IBM (Corporate - Group Level Rating) achieved gold rating, above the industry average.

### **3. Protected aspects regarding the Transparency Act**

We recognize the purpose of the Transparency Act, which is underpinned by IBM's commitment to principles of business ethics and lawful conduct, expectations towards IBM suppliers and the IBM Ecosystem on the protection of fundamental human rights and fair working conditions as expressed by:

- [The IBM Business Conduct Guidelines](#) (BCG) including the IBM corporate directives referenced therein and
- The IBM Supplier code of conduct, which is based on the [Responsible Business Alliance](#) (RBA) expectations.

### **IBM commitment**

IBM is committed to principles of business ethics and lawful conduct. It is IBM's policy to conduct itself ethically and lawfully in all matters and to maintain IBM's high standards of business integrity. In 1986, IBM introduced its global Business Conduct Guidelines (BCGs). IBMers, also in Norway, must annually certify these guidelines and must always comply with them. As stated in the [BCGs](#):

*"No matter where your workplace is – whether you work with IBMers, clients, Business Partners, suppliers, or other parties in person, over the phone, online or by any other means – follow our Values, the BCGs and other applicable IBM corporate directives, such as IBM policies, corporate instructions, and guidelines (Corporate Directives). And comply with all laws and regulations that apply to IBM's business."*

### **Expectations towards our suppliers**

The RBA Code of Conduct has evolved into a well-recognized social, environmental, and ethical industry standard. It is regularly updated and adapted for changing legislation. IBM uses the RBA Code of Conduct for its internal operations and global supply base. RBA labor standards prohibit forced labor and child labor, protection of underage workers and set standards for working hours, wages and benefits, non-discrimination/non-harassment/humane treatment, freedom of association and collective bargaining, health and safety, environmental requirements, ethics, and management systems. The current RBA Code of Conduct (v.8.0) is available [here](#).

The RBA Code of Conduct has been a long standing and integral part of IBM's supplier relationships. IBM requires first tier suppliers to establish and maintain a social and environmental management system that incorporates the RBA Code of Conduct, and to communicate the resulting requirements to their own suppliers who perform work that is essential to the products, parts or services supplied to us. This is done in addition to other relevant requirements as part of our IBM Procurement processes. The detailed requirements for this management system can be found [here](#). Under the IBM Supplier Participation Agreement for Norway, suppliers that fall under its scope must comply with the Norwegian Transparency Act, as well as applicable laws and regulations that require enterprises to control actual, or risks of, adverse impacts on environment and/or human rights or other decent working conditions in their own operations, their supply chain and business.

### **Expectations towards our IBM Ecosystem Business Partners**

IBM conducts vetting of all potential Business Partners (BP) prior to a BP's initial onboarding. IBM has standard terms and conditions in our agreements with all our Business Partners and expects the highest standards of conduct and ethical behavior from our partners and requires them to adhere to the [IBM Code of Conduct](#).

## **4. Anchoring of responsibilities**

As the board of directors of IBM Norway, we have defined responsibilities as part of risk management to ensure compliance with the Transparency Act. The legal basis and due diligence processes are anchored at the top management level and legal conduct on-site education of both management and

employees. The management is committed to the responsibility for the protection of human rights and to the appropriate oversight of due diligence obligations under the Transparency Act. Several functions are involved in due diligence processes, such as procurement, human resources, occupational health and safety and diversity & inclusion, trust & compliance, and legal.

## 5. Risk analysis

We conduct a risk analysis regularly and event-related with respect to IBMers, suppliers, and Business Partners.

Potential human rights and decent working conditions risks are evaluated by an initial risk assessment based on variables that consider fundamental human concerns in our business, the industries of our first-tier suppliers and Ecosystem Partners, as well as the respective countries of operation or sourcing to identify potential risks. An established software solution supports analysis by providing information and sources on potential human rights risks.

If potential risks are identified during the initial risk analysis, additional specific analysis is conducted. We also allow for prioritization of risks, specifically based on causation, contribution, or direct linkage. We also consider whether contractual relationships are permanent or non-recurring, and whether services or products are purchased from IBM Corporation entities (which are held to the same high corporate standards as previously noted). This approach allows us to prioritize and then focus on areas of potentially higher risk.

The risk perspective among IBM Norway's first tier suppliers outside the IBM Corporation is influenced by the fact, that we source from countries and industries that, in and of themselves, do not have particularly high risks in relation to the purpose of our act. Strong local laws that safeguard basic human rights and decent working conditions apply to the suppliers in these countries. Over 90% of these suppliers spend occurs in Norway, with the remainder within the EU, UK, US and within lower risk industries. As a result, we have not observed noteworthy risk among these suppliers that require action beyond existing preventive measures.

Nonetheless, we recognize that risks of violations of fundamental human rights and decent working conditions extend beyond our first-tier suppliers in the upstream supply chain. Assessing risks in the upstream supply chain, i.e. suppliers for the IBM Hardware manufacturing (all outside the influence of IBM Norway), involves analysis of specific country and industry risks. IBM global procurement, under the lead of the IBM Supply Chain Social Responsibility (SCSR) Team, annually audits selected suppliers for our hardware manufacturing to ensure conformance and compliance with the RBA Code of Conduct – i.e., adherence to the provisions on labor, health and safety, environmental concerns, ethics, and management systems).

Audits at supplier sites or facilities, conducted by independent third-party auditors, assess against all dimensions of the RBA Code of Conduct and respective requirements. IBM carefully follows the RBA audit process, requiring root cause and corrective actions to be implemented for all RBA Code nonconformance revealed. Corrective Action Plan (CAP) implementation is reviewed by the IBM SCSR Team prior to RBA re-audits performed on all nonconformant findings. IBM treats all nonconformances seriously and invests time working with its suppliers to advise on best practices to attain and maintain RBA Code conformance. The results and findings of IBM's RBA due diligence efforts can be found [here](#).

As a result of the category of the sourcing relationship to the IBM Corporation and its entities as suppliers of IBM Norway, we consider these suppliers as lower risk due to the same high corporate standards that are applicable to them as are us, as previously noted.

Within our Ecosystem Business Partners, we identified those who are subject to the Transparency Act to determine the appropriate action. Our focus going forward is thus to seek that our internal teams vetting Business Partners, will include due diligence of statements under the Transparency Act in their review routines and to engage with our Business Partners in this respect. Given the country and industries the Ecosystem Business Partners are operating in, no noteworthy risks that require action beyond existing measures were observed.

We also assessed our own operations in line with the UN Guiding Principles on Business and Human Rights. Due to the industry and country, we operate in, the work performed by our own employees, IBM's human rights policy, directives, and standards and with local guidance and knowledge and considering strong local laws that safeguard basic human rights and decent working conditions, we did not identify high risk of human rights or decent working conditions violations in our operations.

## 6. Preventive measures

### Employees

Through education and awareness programs, tools and processes and trusted guidance, IBMers are trained and reminded in upholding IBM practices and how IBM does business. These programs are deemed as appropriate preventive measures and include but are not limited to:

- Implementation of the IBM Principles on Human Rights,
- Annual mandatory training and awareness programs on content of and compliance with our Business Conduct Guidelines,
- Regular training and awareness on the prevention of discrimination,
- Business Resource Groups for inclusiveness,
- Work Health and Safety Programs (e.g., Well-Being, Mental Health),
- Education on the Transparency Act and purpose,
- Information of employee about engagement surveys with encouragement to participate, and
- Strong investment in skills of our employees.

Through the IBM Employee Engagement Survey, employees are encouraged on an anonymous basis to provide feedback for IBM to gain clarity, amongst others, on how IBM can continue to improve inclusion and drive IBM's cultural transformation and what IBM should stop, start, and continue to do as we move into our future.

### Suppliers

IBM globally embeds human rights and environmental principles and expectations in our business relationships with our external suppliers with the following:

- Consideration of human rights and environmental expectations when selecting our direct suppliers,
- Creating and maintaining a social and environmental management system to address suppliers' responsibilities,

- Accept and adhere to the Supplier Code of Conduct (RBA) and to pass on obligations within their first-tier relations,
- Norway specific addendum to supplier contracts,
- RBA Audits, and
- Optional assessments via supplier questionnaires.

## IBM Ecosystem

IBM performs continuous monitoring after the initial vetting of Ecosystem Business Partners is completed via both manual and automated tools. Business Partners undergo regular training, covering topics such as ethics and integrity, how to spot red flags relating to bribery, corruption, and diversion risk, reporting misconduct, competing fairly, and AI ethics.

## 7. Complaints procedures

Although IBM continuously strives to uphold human rights standards, we acknowledge that violations may still occur. Therefore, we believe that grievance mechanisms are crucial. These mechanisms serve as both a means of identifying potential risks and to uncover actual violations, allowing us to take prompt corrective and preventive actions.

Section 1.3 of the Business Conduct Guidelines (BCGs) explains how IBM offers and expects IBMers "to report potential wrongdoing - whether a violation of the BCGs or other unethical or unlawful conduct involving IBM". There are several options available, which in themselves represents adherence to human rights principles. Options range from approaching the IBMers' manager with questions and concerns, discussions with representatives from the "Talk It Over@IBM" team to evaluate a concern and provide guidance to the ideal grievance channel, raising and reporting risks or violations in the employee concerns channel and review the process and check the status or approaching Human Resources directly.

Suppliers can use the [IBM Ombudsman process](#) to communicate concerns or complaints. The IBM Procurement Ombudsman provides an avenue for suppliers, IBM employees, and others to address procurement-related concerns and issues that, for any reason, cannot be resolved satisfactorily through the normal business channels.

Notwithstanding the aforementioned options, everybody can reach out to [IBM Trust and Compliance](#) to report concerns or suspected violations.

Also, in line with the RBA Code of Conduct, we expect IBM suppliers to establish processes for ongoing two-way communication with workers, their representatives, and other stakeholders where relevant or necessary. The process shall aim to obtain feedback on operational practices and conditions covered by the RBA Code, and to foster continuous improvement. Workers shall be given a safe environment to provide grievance and feedback without fear of reprisal or retaliation.

## 8. Remedial measures

If IBM Norway should determine that a violation of a fundamental human right or decent working condition in line with the referenced act has occurred or is imminent in our own operations (employees), we are prepared to take immediate measures that are appropriate and lead to resolution and remediation.

Measures may include the implementation of training courses, the amendment or adaptation of guidelines or processes, steps under labor law, and the cross-functional development of concepts.

In the case of first tier suppliers and Ecosystem Business Partners, appropriate measures are taken in cooperation with them, that are suitable for preventing, ceasing, and mitigating the effect. This includes the development of measures and action plans to end or minimize effects, or temporary suspension or termination of business relationships. In the case of suppliers beyond first tier, in the absence of contractual relationships, we will endeavor, also with the participation of the first-tier supplier, to define appropriate measures and action plans with the parties involved.

## 9. Annual and ad-hoc effectiveness control

The effectiveness of the preventive and remedial measures and the complaints procedure are reviewed annually and on an ad hoc basis (event driven). If necessary, measures are adapted, further developed, or even repeated.

## 10. Reporting

IBM Norway adheres to the reporting requirements of the Norwegian Transparency Act and will publish annually its report on the act on a publicly accessible webpage.

## 11. Outlook

The world and our market environment are constantly changing. We therefore continuously review our due diligence approach. We are always focused on the challenges and complexities facing today's world, and we stand ready to collaborate with our clients, employees, partners, suppliers, public authorities, and individuals to build a safer, more equitable, and healthier environment.

**Oslo, 7<sup>th</sup> June 2024**

### **International Business Machines AS**

e-Signed by Henrik Tang Hedgaard  
on 2024-06-07 14:42:00 GMT

Henrik Tang Hedgaard  
*Chairman of the Board*

e-Signed by Hans-Henrik Merckoll  
on 2024-06-07 13:56:28 GMT

Hans-Henrik Merckoll  
*Board member*

e-Signed by Peter Rylander  
on 2024-06-07 13:58:56 GMT

Nils Peter Rylander  
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Kine Stirler Alm  
*Board member, employee representative*