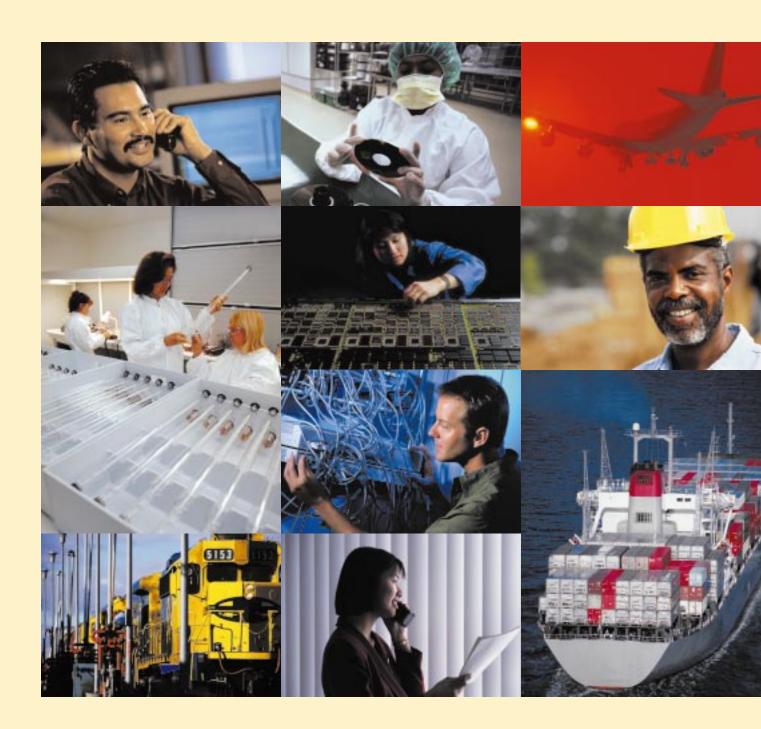


IBM Supplier Conduct Principles



IBM Supplier Conduct Principles

At IBM, we have always set high standards for the way we conduct business – in areas from corporate and social responsibility to sound business ethics, including compliance with all applicable laws and regulations. In turn, we expect the same commitment from our suppliers.

This is the why we have established the IBM Supplier Conduct Principles. These principles speak to the commitments we make to our clients, our legacy of innovation and relationships built on trust and personal responsibility. They establish the standards required for conducting business with IBM.

Our goal is to work with our suppliers to ensure full compliance with these principles, as they in turn apply them to their own suppliers they work with in the delivery of goods and services for IBM. We will consider these principles in our selection of suppliers and will actively monitor their compliance.

Forced or Involuntary Labor

IBM Suppliers will not use forced or involuntary labor of any type (e.g., forced, bonded, indentured or involuntary prison labor); employment is voluntary.

Child Labor

IBM Suppliers will not use child labor. The term "child" refers to any person employed under the age of 15 (or 14 where the law of the country permits), or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. We support the use of legitimate workplace apprenticeship programs which comply with all laws and regulations applicable to such apprenticeship programs.

Wages and Benefits

IBM Suppliers will, at a minimum, comply with all applicable wage and hour laws and regulations, including those relating to minimum wages, overtime hours, piece rates and other elements of compensation, and provide legally mandated benefits.

Working Hours

IBM Suppliers will not exceed prevailing local work hours and will appropriately compensate overtime. Workers shall not be required to work more than 60 hours per week, including overtime, except in extraordinary business circumstances with their consent. In countries where the maximum work week is less, that standard shall apply. Employees should be allowed at least one day off per seven-day week.

Nondiscrimination

IBM Suppliers will not discriminate in hiring and employment practices on grounds of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, gender identity or expression, marital status, pregnancy, political affiliation, or disability.

Respect and Dignity

IBM Suppliers will treat all employees with respect and will not use corporal punishment, threats of violence or other forms of physical coercion or harassment.

Freedom of Association

Suppliers shall respect the legal rights of employees to join or to refrain from joining worker organizations, including trade unions. Suppliers have the right to establish favorable employment conditions and to maintain effective employee communication programs as a means of promoting positive employee relations that make employees view third-party representation as unnecessary.

Health and Safety

Suppliers will provide their employees with a safe and healthy workplace in compliance with all applicable laws and regulations. Consistent with these obligations, IBM Suppliers must have and implement effective programs that encompass life safety, incident investigation, chemical safety, ergonomics, etc., and provide the same standard of health and safety in any housing that is provided for employees. Suppliers should strive to implement management systems to meet these requirements.

IBM Supplier Conduct Principles

Continued

Protection of the Environment

IBM Suppliers will operate in a manner that is protective of the environment. At a minimum, suppliers must comply with all applicable environmental laws, regulations and standards, such as requirements regarding chemical and waste management and disposal, recycling, industrial wastewater treatment and discharge, air emissions controls, environmental permits and environmental reporting. Suppliers must also comply with any additional environmental requirements specific to the products or services being provided to IBM as called for in design and product specifications, and contract documents. Suppliers should strive to implement management systems to meet these requirements.

Laws, Including Regulations and Other Legal Requirements

IBM Suppliers will comply with all applicable laws and regulations in all locations where they conduct business.

Ethical Dealings

IBM expects our suppliers to conduct their business in accordance with the highest ethical standards. Suppliers must strictly comply with all laws and regulations on bribery, corruption and prohibited business practices.

Communications

Suppliers must make the IBM Supplier Conduct Principles and other relevant information available to employees in the native language(s) of the employees and supervisors.

Monitoring/Record Keeping

Suppliers must maintain documentation necessary to demonstrate compliance with IBM's Supplier Conduct Principles and must provide IBM with access to that documentation upon IBM's request.

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Document History

Version 1.0 - Created June, 2004.

Version 2.0 – Released November, 2004. Added provisions for Freedom of Association, Communications, and Monitoring/Record Keeping



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