

**IBM Canada Limited
IBM Global Financing Canada Corporation
LGS Group Consulting Corporation/Société Conseil Groupe LGS**

May 31, 2024

Report for 2023

Fighting Against Forced Labour and Child Labour in Supply Chains Act

On behalf of IBM Canada Limited (“**IBM**”), IBM Global Financing Canada Corporation (“**IGF**”) and LGS Group Consulting Corporation/Société Conseil Groupe LGS (“**LGS**”) (collectively the “**IBM Entities**”), the IBM Entities are issuing this Report pursuant to section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, (“**Act**”). This Report describes the actions taken by the IBM Entities in 2023 to prevent forced labour and child labour in their operations and supply chains as defined and pursuant to the requirements of the Act (“**Modern Slavery**”).

1. ENTITY STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Business of IBM Entities

The IBM Entities are all indirect wholly owned subsidiaries of International Business Machines Corporation (“**IBM Corporation**”), which is a US corporation founded in 1911 and headquartered in Armonk, New York, USA. IBM Corporation carries on a comprehensive technology business in approximately 175 countries, including Canada, through various companies, including the IBM Entities. The shares of IBM Corporation are publicly traded on the New York Stock Exchange.

The policies, procedures and practices of the IBM Entities’ supply chain, including those created to prevent modern slavery in their operations and supply chains, are established, managed and overseen by IBM Corporation. IBM Corporation is consistently ranked among the world's most recognizable, valuable, and admired brands and has been a leader in the fight against modern slavery in the global supply chain.

IBM

IBM is a private corporation established in 1917 and headquartered in Markham, Ontario. IBM carries on a comprehensive technology business in all provinces in Canada, servicing the technology needs of its clients across Canada. IBM has a national employee

population working in offices, research facilities and client innovation centres throughout Canada. IBM manufactures microelectronic modules and operates an advanced chip assembly and test facility in Bromont, Quebec.

At year-end 2023, IBM's business units were: Software (Hybrid Platform & Solutions and Transaction Processing); Consulting (Business Transformation, Technology Consulting, and Application Operations, Client Innovation Centres); Infrastructure (IBM zSystems™, Power Series®, Storage hardware/software, including remanufacturing and remarketing of used equipment with a focus on sustainable recovery services, and integrated technical support); Research; Testing; and Manufacturing.

The general procurement needs of the business units of the IBM Entities are handled by staff in the IBM General Procurement Department that reports to IBM's Chief Financial Officer ("CFO"). The specific procurement needs of the IBM Bromont manufacturing operations are handled by staff in the IBM Bromont Procurement Department that also reports to the IBM CFO. Both IBM Procurement departments work closely with IBM Corporation's Global Procurement organization to implement corporate policies, procedures and practices with the goal of preventing and reducing the risk of Modern Slavery in the supply chain of the IBM Entities.

IGF

IGF is a private corporation that is operated by IBM as a financing company that provides IBM customers that purchase IBM hardware products and IT solutions, with financing options, including loans, leasing and project financing.

IGF has no employees. The procurement needs of IGF's business are handled by staff in the IBM General Procurement Department that reports to the IBM CFO, who is also the CFO of IGF.

LGS

LGS is a private corporation established in 1979 that operates in Quebec to provide consulting services, IT resources on demand, IT systems integration services, customized systems development, technology services, hardware network selection and installation, software selection and installation, and systems operations management. It is also involved in the resale of IT equipment from its Canadian business partners. LGS has a Quebec employee population working in offices and client innovation centres throughout Quebec.

The procurement needs of LGS are handled by staff in the IBM General Procurement Department that reports to the IBM CFO.

The IBM Entities' Supply Chain

In 2023, the IBM Procurement Departments of the IBM Entities purchased goods and services from over 400 suppliers of which 67% were suppliers in Canada and 33% were suppliers outside Canada.

In 2023, 75% of the goods and services purchased by the IBM General Procurement Department for IBM's non-manufacturing and test operations were from Canadian suppliers; and the other 25% of the suppliers were from various countries, primarily from the US and Europe.

In 2023, 15% of the goods and services purchased by the IBM Bromont Procurement Department IBM's manufacturing and test operations were from Canadian suppliers; and the other 85% were primarily from Japan, US, South Korea, and China.

In 2023, IGF's sole supplier was IBM.

In 2023, 85% of the goods and services purchased by the IBM General Procurement Department for LGS were from Canadian suppliers; and the other 15% were primarily from the US.

The IBM Entities imported finished hardware products and parts in support of complex IT customer solutions, and materials, components, and subassemblies for use in semiconductor manufacturing and testing. The IBM Entities sourced imported finished hardware products, upgrade parts, components, and subassemblies from various countries around the world, with the largest three Countries of Origin (by value) the US, Taiwan, and Japan. US Country of Origin shipments comprise 31% of imports into Canada. Approximately 64% of the value of all imports into Canada were for IBM Bromont's microelectronics manufacturing operations.

2. POLICIES & DUE DILIGENCE

Corporate Principles and Governance

IBM Corporation's values of trust and personal responsibility in all relationships form the foundation of how it conducts business globally, including the implementation of policies, procedures and practices designed to address risks and the prevention of forced labour and child labour in IBM Corporation's global goods and services supply chain, including the goods and services of the supply chain of the IBM Entities. These values are entrenched in IBM Corporation's Business Conduct Guidelines ("**BCGs**"), that all employees of IBM Corporation's companies, including employees of the IBM Entities, agree to always conduct themselves during their employment. The BCGs form part of the employment contract of all employees of the IBM Entities. On an annual basis, all employees of the IBM Entities undergo a mandatory BCG annual re-certification program and receive training on the BCGs.

Internal Policies and Due Diligence

IBM Corporation addressed its global stance on the prevention of forced labour and child labour through the establishment and publication of its Global Employment Standards - Corporate Instruction Human Resource 114A (“**HR Corporate Instruction**”). The HR Corporate Instruction, is the internalization of IBM Corporation and its companies’ commitment to comply with IBM Corporation’s obligations as a member of the Responsible Business Alliance (“**RBA**”) to comply with the RBA Code of Conduct (“**RBA Code**”) and its means of integrating the RBA Code’s Labour Standards, including but not limited to, the Labour Standard on Prohibition of Forced Labour and the Labour Standard on Young Workers (“**RBA Labour Standards**”) into its internal global human resources policies. Specifically, the HR Corporate Instruction establishes the following Freely Chosen Employment and Young Workers Employment Standards for all employees of IBM Corporation and its companies, including the IBM Entities, which standards mirror the RBA Labour Standards.

Freely Chosen Employment

Forced, bonded (including debt bondage) or indentured labor; involuntary prison labor; slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring, or receiving persons by means of threat, force, coercion, abduction or fraud for labor 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. As part of the hiring process, workers must be provided with a written employment agreement in their native language (or in a language the worker can understand unless otherwise required by law) that contains a description of terms and conditions of employment prior to the worker departing from his or her country of origin. Employment is voluntary and employees shall be free to terminate their employment at any time. Employers and agents may not hold or otherwise destroy, conceal, confiscate, or deny access by employees to employees' identity or immigration documents, such as government-issued identification, passports, or work permits, unless such holdings are required by law. Workers shall not be required to pay employers' or 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 repaid to the worker.

Young Workers

IBM will comply with all applicable child labor laws. We support the use of legitimate workplace learning, internship, and other similar programs which comply with all laws and regulations applicable to such programs. Employees under the age of 18 (Young Workers) shall not perform work that is likely to jeopardize their health or safety including night shift and overtime. IBM shall ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable law and regulations and will provide appropriate support and training to all student workers. In the absence of local law, the wage rate for student workers, interns, and

apprentices shall be at least the same wage rate as other entry level workers performing equal or similar tasks. In the unlikely event an instance of child labor is discovered, the matter will be referred to the VP, Global Recruitment and the VP, Employee and Labor Relations for immediate corrective action.

The HR Corporate Instruction is part of IBM Corporation's Policies and Principles published at: <https://www.ibm.com/impact/reports-and-policies> and forms the foundation of IBM Corporation's global employee policies and practices, including the employee policies and practices of the IBM Entities. All employees of IBM Corporation's companies, including all employees of the IBM Entities, have access to the HR Corporate Instruction and have the right to have their employment terms and conditions governed accordingly.

The IBM Entities have implemented IBM Corporation's standards and goals in operating their respective businesses in Canada, including supporting and empowering its employees in accordance with the HR Corporate Instruction and Canada's applicable employment and employment-related laws, all of which prohibit Modern Slavery in Canada. The IBM Entities have prohibited the use of forced labour and child labour in its goods and services supply chains. IBM's Procurement Departments' staff are responsible for implementing IBM Corporation's policies, procedures and practices for the prevention of Modern Slavery in the supply chains of the IBM Entities.

External Policies and Due Diligence

IBM Corporation has been a leader in collaborating to address forced labour and child labour. In 2004, realizing that attaining sustainable improvements in the global supply chain is a complex societal long-term endeavour, IBM Corporation joined forces with other pioneering electronics companies to create a voluntary supply chain code of conduct to harness the collective wisdom and resources of companies operating at multiple tiers in their industry. This concerted effort evolved into the Electronic Industry Citizenship Coalition ("**EICC**"), which released its Version 1.0 Code of Conduct ("**EICC Code**") in late 2004. In 2017, the EICC re-branded itself as the RBA. Since its inception in 2004, the EICC (now the RBA) grew and its organization evolved from eight members, including IBM Corporation, to over 230 RBA members in 2023 from global companies across automotive, communications, consumer electronics, computer brands, contract manufacturing, hardware components, industrial equipment, logistics, software, retail, toy and service industries.

With input from the RBA's broad and diverse membership across multiple industries, the RBA Code has been expanded over the years to provide its members and their suppliers with global labour and occupational health and safety standards. The current RBA Code (version 8.0) labour and occupational health and safety standards are aimed to ensure that working conditions in supply chains are safe; and that business is conducted responsibly, ethically and with respect for workers' human rights and does not use forced labour or child labour. The RBA Labour Standards are generally consistent with

internationally recognized norms and standards, including but not limited to, the Universal Declaration of Human Rights, ILO International Labour Standards, OECD Guidelines for Multinational Enterprises, United Nations Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work and ILO Fundamental Conventions.

RBA participants must regard the RBA Code as a total supply chain initiative. In addition to complying with the RBA Code for their internal operations, RBA participants must also require their direct suppliers to acknowledge and implement the RBA Code. This momentum has the effect of generating a chain reaction of supplier commitments to addressing forced labour and child labour as global suppliers sequentially adopt the RBA Code, along with its Labour Standards that prohibit the use of child labour and forced labour, upstream through the entire global supply chain.

All procurement departments of IBM Corporation's companies, including IBM's General Procurement Department and Bromont Procurement Department, are responsible for the purchase of goods and services for the IBM Entities, and are required to manage their suppliers in accordance with the RBA Code. Accordingly, the IBM Entities have governed their supplier relationships and expectations in accordance with the RBA Code, including the RBA Labour Standards that prohibit Modern Slavery. Following the practices of the IBM Corporation pursuant to the RBA Code, the IBM Entities require their direct suppliers of goods and services to agree to conform with the RBA Code in their supply of goods and services to the IBM Entities. At the outset of a new supplier relationship, the IBM Entities introduce the RBA Code to their suppliers and set the expectation of full conformance with the RBA Code in their commercial agreement with the supplier, including prohibition of Modern Slavery in the supply of goods and services to the IBM entities. This process requires all new suppliers of goods and services to the IBM Entities to sign a contractual agreement to comply with the RBA Code in its delivery of goods and services to the IBM Entities ("**RBA Letter Agreement**"), or to demonstrate equivalency through an alternate code of conduct and validation.

At year end 2023, 90 percent of the IBM Entities' suppliers had signed an RBA Letter Agreement (or a predecessor or comparable agreement) linking conformance to the RBA Code as a term and condition of their IBM supplier agreements.

3. FORCED LABOUR AND CHILD LABOUR RISKS AND RISK MANAGEMENT

IBM Entities Scrutiny of Risks in their Internal Supply Chain

The Human Resources policies, procedures and practices of the IBM Entities comply with applicable Canadian employment laws and the HR Corporate Instruction, all of which prohibit Modern Slavery. Therefore, Modern Slavery is prohibited and accordingly does not exist within the IBM Entities' directly hired employee population in Canada.

The Human Resources policies, procedures and practices of IBM Corporation and all of its companies globally are in accordance with the HR Corporate Instruction regardless of local law. Therefore, Modern Slavery is prohibited and accordingly does not exist within IBM Corporation's or any of its companies' directly hired employee population globally. Therefore, no Modern Slavery exists with respect to the global employees of IBM Corporation's or its companies that are providing services to the IBM Entities.

Employees of IBM Corporation, including the IBM Entities, have multiple avenues available to them to raise concerns regarding their working conditions or their treatment by management or third parties, by addressing these concerns with their management chain directly through IBM Corporation's "Open Door" process without fear of retaliation. IBM Corporation also has a global Employee Concerns Program that allows employees to raise concerns regarding non-inclusive or inappropriate behaviours, report a violation of the BCGs, or give their point of view about an IBM policy, practice or program which is impacting them directly or indirectly, or the broader IBM Corporation population. All concerns are treated confidentially and can also be raised anonymously. The program has a "Confidentially Speaking" avenue for anonymous concerns; a "Talk it Over" avenue for general concerns; and a "Concerns and Appeals" avenue for matters that require a formal investigation. All concerns raised under these programs are dealt with through the appropriate channels. All feedback channels prohibit retaliation against employees who raise concerns through these programs.

IBM Corporation/IBM Entities Scrutiny of Risks in their External Supply Chain

Across its global operations, IBM Corporation's Global Procurement Department has overall responsibility for all purchases needed to run IBM Corporation's global business and to fulfil the delivery of its products, software, and services to clients world-wide. To achieve consistency and compliance with its policies and procedures, IBM Corporation has a global / regional approach to the selection of suppliers and contractual requirements. The IBM Procurement Departments are part of this global procurement umbrella organization. All Procurement departments of IBM Corporation's companies, including IBM's Procurement Departments are required to manage their suppliers in accordance with the RBA Code.

The primary risk of forced labour and child labour resides in the extended external upstream supply chain of the IBM Entities, where the rigorous controls of IBM Corporation's global policies and practices can be challenging to implement and sustain. IBM Corporation recognized this risk over 20 years ago and established a specialized Supply Chain Social Responsibility Team ("**SCSR Team**") to focus exclusively on initiatives to identify and take measurable action in areas of concern in the global supply chain, including forced labour and child labour - which ensures that IBM Corporation has heightened vigilance in this area. IBM Corporation's SCSR team was the entity that led the founding of the EICC and is the primary representative to the RBA.

Commencing in 2019, in conjunction with law enforcement, agencies and financial institutions, IBM Corporation deployed the Traffik Analysis Hub (“TAH”) to create a growing on-line database to track and counteract the trade of human beings on a global basis. TAH was formed as a separate non-governmental organization to enable members to validate and map patterns, trends, and smuggling routes. Since 2019, TAH has grown to more than 100 financial institutions, corporations, research, academic, non-governmental, and law enforcement organizations, with data representing over 1.1 million trafficking cases. Authenticated partners upload non-personal data relating to human trafficking. TAH uses leading edge cloud and artificial intelligence technology to aggregate and interpret this data, transforming it into information that members can act upon effectively and efficiently. During 2023, IBM Corporation’s SCSR Team subscribed to TAH and used this tool to gain insight into supply chain countries that have heightened risk for upstream forced labour and child labour. More details can be found at: <https://www.traffikanalysis.org/>

4. MEASURES TAKEN TO REMEDIATE FORCED LABOUR AND CHILD LABOUR

During 2023, the IBM Entities did not identify any instances of Modern Slavery in their supply chains. As such, the IBM Entities did not need to take any measures to remediate Modern Slavery, or to remediate the loss of income to the most vulnerable people that result from measures taken to eliminate the use of forced labour and child labour.

5. TRAINING

IBM Corporation has an internal education platform for all global employees, including those of the IBM Entities. The available 2023 employee education included courses on forced labour and child labour, completion of which contributes towards an employee’s annual personal professional educational objectives. During 2023, several employees of the IBM Entities completed one or more of these on-line courses. In 2023, education on modern slavery was featured in an IBM Corporation Finance and Operations’ all-day training event and many employees of the IBM Procurement Departments of the IBM Entities attended the event.

IBM Corporation enhanced its SkillsBuild program with education around human trafficking. IBM SkillsBuild is a free education program aimed at increasing access to technology education globally, including Canadians. In an effort to contribute to the general education of the public on labour and child slavery, the available education includes “Introduction to Human Trafficking” and “Disrupting Human Trafficking” courses. These courses provide interested individuals with background information and useful tips on preventing forced labour and child labour. These public courses are provided by IBM Corporation free of charge as a further investment in IBM Corporation’s commitment to enlightening and assisting society in addressing this serious social issue.

6. ASSESSING EFFECTIVENESS

IBM Corporation strategically charters third-party RBA audits of its global manufacturing operations to affirm conformance with the RBA Code. In February 2023, IBM's Bromont manufacturing operations underwent an RBA audit against RBA Code v7.0. This audit assessed IBM's Bromont manufacturing operations for conformance to all provision of the RBA Code. By design, the Labour portion of the RBA audit included both IBM employees and on-site employees of IBM Bromont's subcontractor firms - a robust feature of RBA audits that audits both employees of IBM Corporation's companies and their suppliers' employees assigned to provide services to IBM Corporation's companies. All provisions of the audit regarding prevention of Forced Labour and Young Workers Standards were considered conformant to the RBA Code. IBM Bromont manufacturing operations' high degree of conformance to the RBA Code garnered Gold status recognition.

In 2023, the SCSR Team used its risk analysis criteria to guide the selection of a cross-section of hardware and services suppliers for RBA audits and reaudits. In the period spanning January through December 2023, IBM Corporation received and analyzed 17 RBA audit / re-audit reports from 14 of IBM's Bromont suppliers located in China, Japan, Philippines, Taiwan, and Thailand. From these RBA audits there were no instances of forced labour or child labour as defined in or pursuant to the requirements of the Act.

ATTESTATIONS

IBM & IGF

In accordance with the requirements of the Act and in particular section 11 thereof, I attest that I have reviewed the information contained in the Report for IBM and IGF for 2023. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the Report is true, accurate and complete in all material respects for the purposes of the Act for the reporting year listed above. For clarity, I am providing this attestation in my capacity as a director and officer of IBM and IGF, and not in my personal capacity.

Leanne Clarke

Director and Chief Financial Officer of IBM Canada Limited and IBM Global Financing Canada Corporation

Date:

Signature

I have the authority to bind IBM Canada Limited and IBM Global Financing Canada Corporation

LGS

In accordance with the requirements of the Act and in particular section 11 thereof, I attest that I have reviewed the information contained in the Report for LGS for 2023. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above. For clarity, I am providing this attestation in my capacity as a director and officer of LGS, and not in my personal capacity.

Francois Dufresne

Director and Interim President of LGS Group Consulting Corporation/Société Conseil Groupe LGS

Date:

Signature

I have the authority to bind LGS Group Consulting Corporation/Société Conseil Groupe LGS