

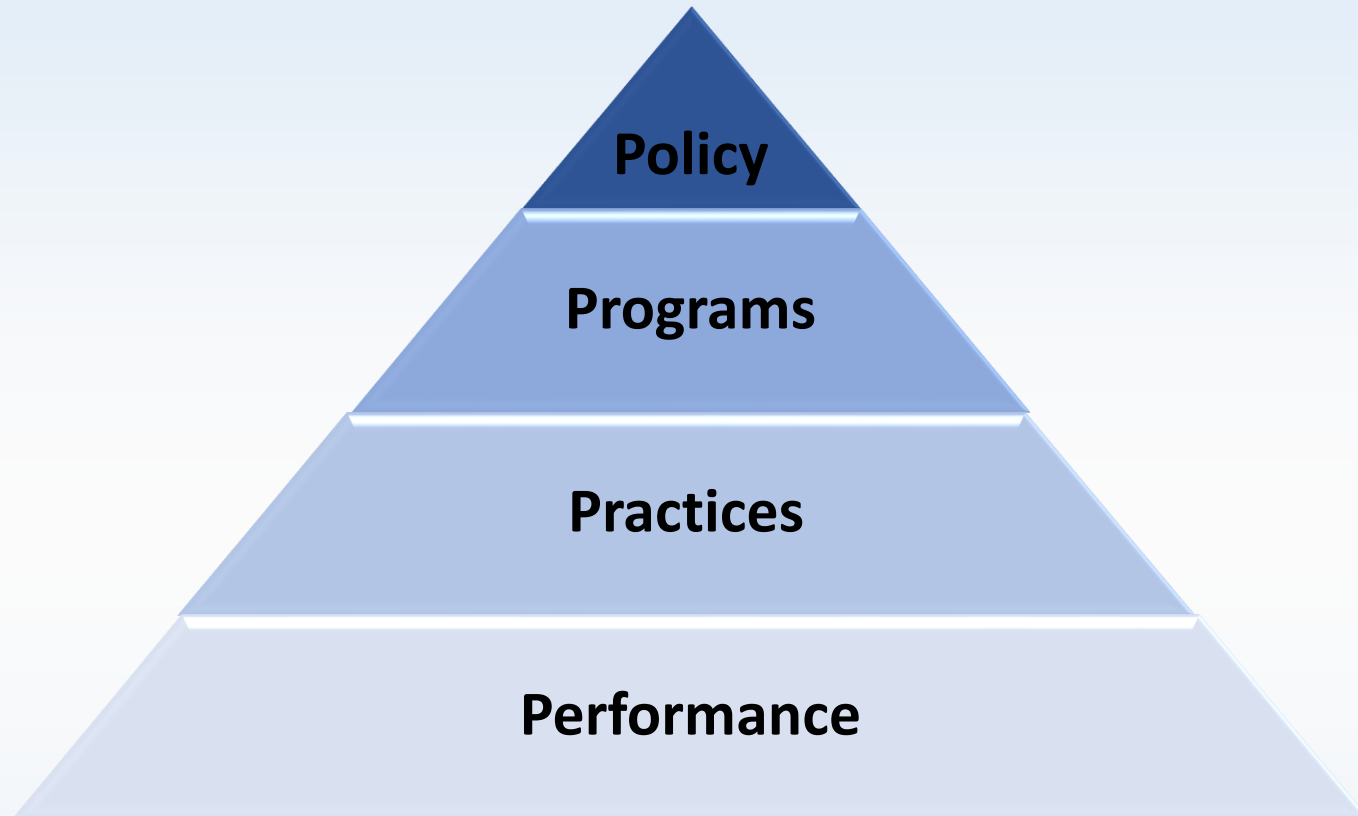
DIVERSIFYING THE SUPPLY CHAIN IN A GLOBAL ORGANIZATION



IBM thinks about diversity the way we think about innovation both are essential to the success of our business ..., IBM has embraced diversity, and it gives opportunities for IBMers and our clients to achieve their full potential.
Virginia M. Rometty Chairman, President and Chief Executive Officer



Diversity Strategy - Commitment from the Top



- ❖ Define supplier diversity at a Global level
- ❖ Identify supplier groups for each Geography
- ❖ Manage comprehensive range of diversity initiatives
- ❖ Jointly set aggressive goals and monitor performance

Global Diversity - A holistic approach

1. Foundation

- ❖ Policy
- ❖ Mission
- ❖ Vision

2. Goals & Reporting

- ❖ Global/Domestic
- ❖ Commodity
- ❖ Annual Goals
- ❖ Monthly Reporting

5. Initiatives

- ❖ 1st Tier
- ❖ 2nd Tier

4. Supplier Development

- ❖ Town Halls
- ❖ Mentors
- ❖ Meet the buyer
- ❖ Sponsorship

3. Outreach

- ❖ Government
- ❖ NGOs

IBM Global
Supplier
Diversity

WEConnect
INTERNATIONAL



A culture of inclusion - Strategic sourcing

Global Initiative

- ❖ Groups include Asian, Black, Hispanic, Lesbian/Gay/Bisexual/Transgender (LGBT), Men, Native American, People with Disabilities, and Women.
- ❖ Further definition required at country level (Assess local laws)
- ❖ Jointly set aggressive goals and monitor performance

First Tier Initiative

- ❖ Customer requirement that has significant revenue impact
- ❖ Requests for Proposal MUST include at least one diverse supplier
- ❖ Diverse status certification/verification required and subject to audit

Second Tier Initiative

- ❖ Drive supplier diversity requirements throughout the supply chain
- ❖ Require first tier suppliers to have supplier diversity programs
- ❖ Require first tier suppliers to report performance

This policy applies to all areas of expenditures, whether for products or services. Action should be taken by all IBM organizations to ensure that this policy is implemented and that there are programs which ensure IBM's performance against this commitment.

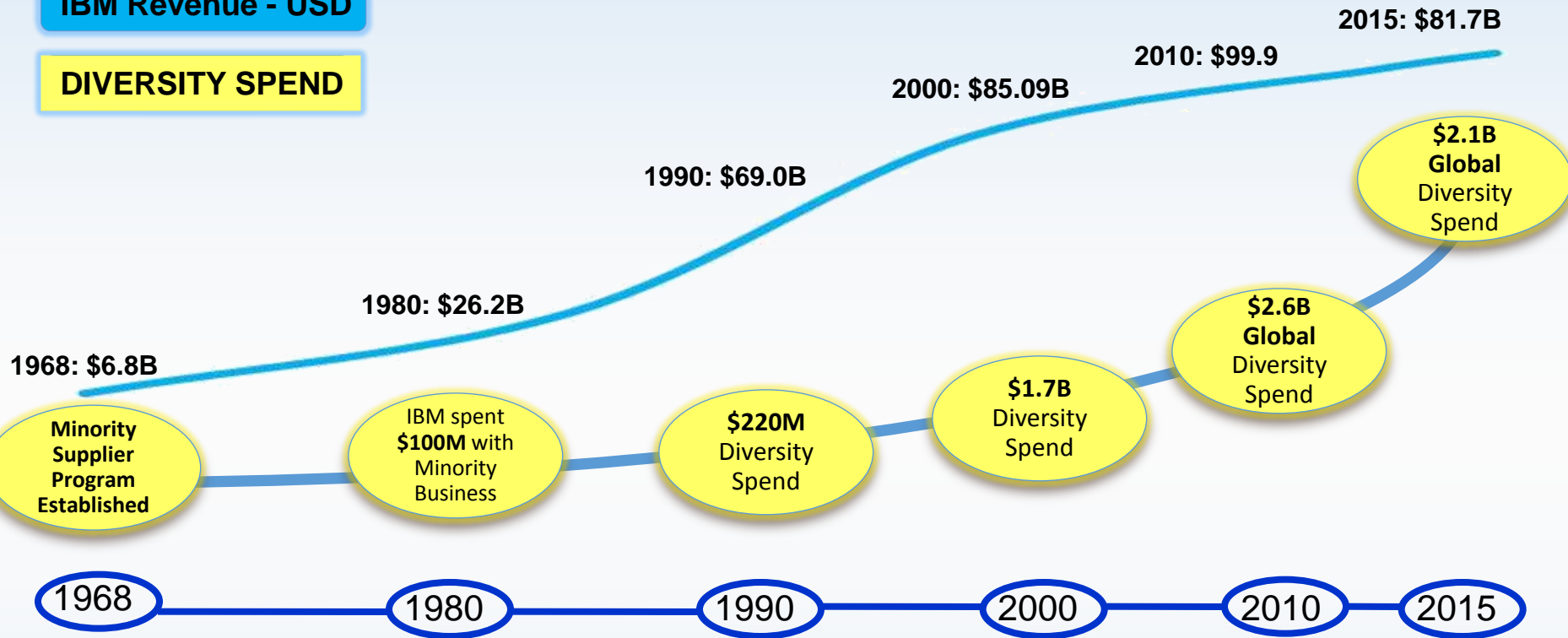
Corporate Policy 137, IBM's Commitment to diverse business relationships



Global Spend - Buying for impact

IBM Revenue - USD

DIVERSITY SPEND



IBM 2016 DIVERSITY SPEND:

- ❖ Approx. 800 Diversity Suppliers, 64 Countries
- ❖ EMEA 2016 to date \$230M
- ❖ UK 2016 to date \$14M

Dreams realised – SDI



President, Carmen Castillo

One of the most successful

Minority & Women Owned Businesses

Started with a \$500k per year contract 25 employees in Florida

Supports IBM in Canada, Belgium, India, China, Slovakia, South Africa

Current Annual Revenue > \$1 billion

Achievements with IBM

- ❖ SDI awarded core supplier status for Business Services in 1993
- ❖ SDI Integrator platform expanded to UK in 2008
- ❖ SDI expands its Integrator program in EMEA in 2015
- ❖ SDI executes new contracts with MARCOM and Smarter Workforce
- ❖ SDI helps IBM with its advanced IBM systems knowledge (EDI/WOI/SAP)
- ❖ SDI's EMEA Category Expertise from Business & Professional Services to Educational Services, Financial Services, HR Services, IT Services, and Marketing
- ❖ Today, innovation in partnership is the hallmark of IBM and SDI's relationship



Dreams realised – GIBBS S3



President, Farida Gibbs

Doing business with IBM since 2012

Started as Tier 1 Core supplier with IBM in 2015

Tier 2 supplier revenue was £700k

2016 revenue projection with IBM £2M

China in 2007

Current annual IBM spend >\$150 mil/yr.

Achievements with IBM

- ❖ Joined as supplier in 2012 with dedicated team of 2
- ❖ Placed 50 resources for major client in 2 months due to significant project win
- ❖ Invited to tender for Data Centre Migration supplier in July 2013
- ❖ Gibbs S3 win Tier 1 supplier status for DCM in September 2013
- ❖ Invited to tender for 2nd tier status for Technology in March 2014
- ❖ Gibbs S3 win 2nd tier supplier status for Technology in October 2014
- ❖ Invited to tender for Core Supplier Status in June 2015
- ❖ Gibbs S3 win Core Supplier Status; go live March 2016
- ❖ Since IBM CSP win Gibbs have committed to a dedicated team of 12 professional to support the Core Supplier Programme
- ❖ Since IBM Vendor Neutral win Gibbs have committed to a dedicated team of 9 supporting IBM with supply chain management of PO, Invoicing and Timesheets across Software Group



A culture of inclusion – Recognitions 2016

- ❖ IBM was named one of [Women's Enterprise USA magazine's](#) WE 100 Corporations of the Year for inclusion of women business enterprises in the supply chain.
- ❖ IBM won the Inclusive Procurement Award presented by [ENEI](#) (Employers Network for Equality and Inclusion).
- ❖ IBM was named one of 2016's Corporate 101: America's Most Admired Corporations for Supplier Diversity by [Minority Business News USA](#).
- ❖ Minority Business News has recognized several IBMers as their MBN USA's 2016 "Best-in-Class" for their unwavering commitment to minority business development and inclusion.

It's impossible to realize our goals while discriminating against half the human race. As study after study has taught us, there is no tool for development more effective than the empowerment of women"

Kofi Annan, UN Secretary General, 2006



IBM Global Diversity

