

Workforce Diversity

To remain competitive, we need employee populations that mirror and understand the markets we serve — uniting different cultures, languages, geographic origins, professions and perspectives into one globally integrated enterprise.

At IBM, our goal is to enhance awareness, open-mindedness, knowledge, tolerance, and respect for other cultures in order to build a stronger IBM team and continue to foster innovation.

"Diversity at IBM means that difference is expected, respected and encouraged so that every employee can be productive, innovative and achieve to their fullest potential. Our mission is to help create and maintain an IBM culture, climate, and environment in which all people feel welcomed and valued; and to maximise the utilisation of our diverse talent, and position IBM as the company of choice within our community and to our clients and our workforce."

Glen Boreham
General Manager
IBM Australia and New Zealand
Chairperson of the IBM Diversity Council

Our diversity strategy gives us a competitive edge that is delivered through our employees. Their differences lead to diversity of thought which sparks the innovation required for our success. What's more, because we reflect the makeup of the Australian community, our people can relate to the needs and values of our clients and business partners. Our leadership position in diversity helps us attract the best people and acts as an inspiration to our employees.

IBM in Australia and New Zealand implements local strategies and diversity initiatives aimed to ensure we meet the high standards set out by IBM's global diversity strategy.

We recognise the importance of the successful integration of Workforce Diversity Principles so that all employees understand and act accordingly. Some of the ways in which IBM communicates with employees include Diversity Networking Groups, Diversity Networking Events and the Diversity Contact Officer Network.

IBM's Diversity Networking Groups – IBM has formed five diversity networking groups – all of which are key stakeholders of our Workforce Diversity program. These groups consist of IBM employees who voluntarily come together with the ultimate goal of providing feedback to the business, and enhancing the success of IBM's business objectives by helping their members become more effective in the workplace.

IBM's current diversity networking groups are as follows:

1. People with Disability - a networking group for people with a disability. This is a very active group, with strong connections to the wider community.
2. Flexibility – a networking group which is very active and is open to anyone interested in part time work, job sharing and other flexible working options.
3. Women in Technology – a networking group which aims to support the growth, development, advancement, and recognition of IBM's current population of technical women.
4. Cultural Diversity – a networking group with a focus on multiculturalism.
5. Gay, Lesbian, Bisexual & Transgender (GLBT) – a networking group which supports the GLBT internal community and also participates in external community partnerships.

IBM's Diversity Networking Events – IBM recognises that all employees must be consulted, and as such we hold regular diversity networking events. All employees are invited to these events and have the opportunity to provide feedback and learn about IBM's Workforce Diversity program.

IBM's Diversity Contact Officer (DCO) network – The DCO is another feedback mechanism. DCO's are employees who are trained to handle grievances relating to Diversity. They represent the wider IBM community including, men, women, people from a variety of ethnic backgrounds, people with a disability and people who are gay or lesbian. Approximately 60 employees are DCO's and have been trained in Equal Employment Opportunity and Anti-Discrimination legislation.

The Journey Ahead

Workforce Diversity = Diversity of thought = Innovation

Areas of Focus in 2007

1. Women in the Workforce
2. People with Disability
3. Work Life Integration
4. Gay, Lesbian, Bisexual and Transgender (GLBT)
5. Cultural Diversity
6. Generational Diversity

Women in the Workforce

Globally, IBM has seen substantial growth in the number of senior women executives — from 185 in 1997 to more than 1,000 today. Sixty-five percent of our women executives are working mothers; and we have 16 female country managers in locations such as Singapore, Taiwan, Thailand, and Spain. Each of these women demonstrates outstanding leadership qualities and is achieving superior business results. All IBM had to do was level the playing field so that excellence and achievement were the only criteria for success.

Our Performance in Australia

Metric	2004	2005	2006	2007
Hiring	24%	27%	27%	30%
Women in Technical Roles	24%	24%	24%	37%
Women in Management	25%	28%	28%	27%
Women Executives	16%	17%	18%	18%

In 2007, women made up 31% of IBM Australia's workforce, and we are still very much committed to recruiting, retaining and promoting the best female talent available.

Also in 2007, we saw an increase in the overall number of women hired by IBM, and the number of women in technical roles. From 2004 through to September 2007, the percentage of women on IBM's Technical Resources High Potential Program also increased from 15.0% to 19.0%. Women currently make up 92% of the overall part time workforce at IBM, with 39% of women who are working part time in senior roles.

Advancing Women

By year end 2007, 18% of IBM's executives were female, demonstrating a steady year on year increase since 2004 (when the figure was at 9.4%). Women

represented 31% of all promotions into first line management, 22% into second line management, and 17% into third line management.

In 2007, IBM was named an Employer of Choice for Women by the Equal Opportunity for Women in the Workplace Agency. This is the seventh year in a row that IBM Australia has been awarded the citation for creating a work culture that supports the advancement of women. Also in 2007, IBM was named a finalist at the annual Equal Opportunity for Women in the Workplace Agency's (EOWA) Business Achievement Awards.

Attracting Women

In 2007, 30% of IBM's graduate hires were women, more than double the current rate of females entering tertiary IT courses. We have a comprehensive long-term strategy designed not only to attract female graduates to the company, but to encourage women in Australia and New Zealand to enter IT studies and careers.

Women in the Workforce Programs and Achievements

School Speakers Program – The School Speakers Program was developed in 2000 in partnership with Swinburne University in Melbourne, Victoria. In 2002 the program was extended into NSW with the University of Technology, Sydney. The program consists of teams of volunteer female IBM employees and university students visiting schools to demystify study and career opportunities in IT and engineering. Over 1500 school children in 17 schools had the benefit of a visit from 13 registered IBM volunteers.

Serious Women's Business Conference – In 2007, IBM who is a foundation partner, participated in a Serious Women's Business Conference that focused on 'Defining Success'. IBM's Executive Sponsor for Women was the Chairperson at the conference, and IBM had over 100 employees attend, with feedback about the conference being very positive. Attendees found value in not only the content but also the opportunity to network with over women. It was an ideal opportunity for IBM women to reflect on their own definition of success and to gain insight to what other women are doing that is inspirational.

EX.I.T.E. Camps – IBM's EX.I.T.E. (EXploring Interests in Technology and Engineering) camps are inspiring middle-school girls to make a difference through science and technology. IBM runs the program in collaboration with Local High Schools and the Public Education Office. We held three EX.I.T.E. camps in 2007 in Ballarat, Sydney and Brisbane, with over 60 girls participating.

AWISE (Australian Women in IT and Science Entity)

Partnership – In 2007, IBM continued their partnership with AWISE to reach out to young girls about IT as a career. Through this partnership IBM has been involved in the:

- Girls in ICT, Science, Mathematics and Technology Conference
- National – Go For IT Girl IT Blueprint
- Board Readiness Program in South Australia
- Mentoring Program in NSW
- Various Networking events across Australia
- Tech Girls are Chic not just Geek book launch
- Tech2Morrow

Ongoing initiatives

- Career Development web lectures for women
- Waite Group Top Steps program for women
- Taking the Stage influencing workshop for women
- Springboard early career development program for women
- Mindset workshops for managers on the value that women bring to IBM
- Annual salary equity reviews by gender to remove possible bias
- Chief Executive Women Talent Development program

People with Disability

Our Performance

Our long term commitment and approach to ensuring that people with disability are represented in our business has resulted in workforce representation across all business areas in the organisation and at all levels.

This fact was externally recognised in 2007 when IBM was named a finalist in the Prime Minister's Employer of the Year award for the inclusion of people with disability. IBM was recognised for its ongoing commitment to disability employment through its proactive and holistic approach, resulting in disability representation throughout all business units and at all levels from graduate to senior roles within the organisation.

In addition, IBM also won the Australian Sign Language Interpreters Association (ASLIA) NSW 'Organisation of the Year' award for its commitment to the deaf community in its workforce. IBM provides accessible equipment and ongoing services, such as interpreting services to employees through a central accommodation fund. IBM has also partnered with

suppliers such as Australian interpreting and captioning service providers to develop live 'on-demand' services.

IBM's strategy continues to focus on developing innovative pathways for people with disability to enter ICT education and careers. These initiatives aim to increase the number of people with disability in employment and add to the potential IBM talent pool.

Increasing the pipeline

In Australia, IBM knows the strategic importance of collaboration and is committed to partnerships with Government, Education and the Community, to build the number of people with disability to enter into education and employment in the ICT Industry. Some recent and ongoing Programs include:

Willing and Able Mentoring (WAM) Program – IBM has been involved in the Willing and Able Mentoring Program initiated by Deakin University since its inception in 2001, and supported the program to go national in 2003. In 2007, when the program did not gain federal funding, IBM stepped in with both the Australian Employers Network on Disability and some other key leading organisations, to support a re-launch of a national program so that all students with a disability across Australia could have the opportunity to participate and help launch their professional careers. Over 60 IBM employees have volunteered to participate in the program as a mentor.

School Speakers Program – The School Speakers Program is aimed at de-mystifying IT for high school students and is a collaboration between Industry and Education to try to promote the significant benefits of a career in IT. In 2004, IBM expanded this program which was originally aimed at getting more women into IT, to also aim at students with a disability. The program is designed to encourage high school students to follow IT education pathways by showing the students about the wide and infinite possibilities that a career in IT can bring. The program did this through introducing them to young IBM graduates and University IT students who spoke to them about their own pathways and experiences.

EX.I.T.E. – IBM's EX.I.T.E. (EXploring Interests in Technology and Engineering) camps are another initiative aimed at tackling the IT skills shortage, and build a healthy pipeline of young people entering the Industry. The camp was originally designed to develop the skills and motivation of young women into IT, but was adapted back in 2005 into a camp for young students with a disability. The camps range in duration from 3 to 5 days and are developed in partnership with State Departments of Education across Australia, to build the confidence and skills of students with disability by developing their skills in IT in a fun and hands on project based manner.



Accessibility

IBM believes that the combination of technology and innovation can empower human potential by making its information technology widely available and accessible without regard of user ability. IBM's competitiveness in the marketplace depends on satisfying its clients' demands for products that meet the needs of all potential clients, including people with disability.

IBM has a global corporate instruction that all our products must include important accessibility features and functions, so that products, tools, applications and services, are either directly accessible or compatible with assistive technology. This instruction also applies internally where, in 2007, IBM continued to provide accessible physical and virtual environments to all of its employees. This is a holistic approach that includes a real estate accessibility strategy, a centralised reasonable accommodations strategy, to enable our people to succeed, and a procurement strategy where accessibility is a standard criteria built into all supplier engagements.

Education and Awareness

In 2007, IBM continued to build greater awareness and capability throughout the organisation via education. IBM conducted specific disability employment education sessions for employees, as well as recruitment specific sessions for its workforce management teams. Auslan (Australian Sign Language) in-house courses were also conducted and available to all employees wishing to learn basic sign language.

The IBM People with Disability Networking Group also conducted awareness raising events across the country in 2007, which focused on disability that is acquired through life.

Work Life Integration

IBM aims to retain talented people by recognising the importance of and supporting their life outside of work.

Our Performance

In 2007, over 75% of employees felt that working at home and flexibility had a positive impact on work productivity, morale and commitment. In addition, IBM saw a 7% increase of employees who felt their managers were supporting them in managing work and life.

IBM continues to appreciate the challenges of managing work and life effectively and continues to provide Flexible Working Options for employees. IBM's flexible working options include, Part Time/Job Share, Individualised Work Schedules, Compressed Work Weeks, Working from Home and Telecommuting.

Work Life Programs and Achievements

WorkLife Essentials – In 2007, IBM continued to run its WorkLife Essentials online portal, to assist employees with finding resources to help them manage their work and life. There were over 1200 hits to this portal in 2007.

Men@Work – In 2004, IBM extended its School Speakers Program to include a disability component, where IBM employees with a disability visit schools to promote IT to students with a disability. The program is now integrated into the overall School Speakers Program package.

Managing Separation and Single Parenting Seminar –

This seminar was held in Melbourne for IBM employees who were interested in learning more about:

- the challenges of child upbringing;
- how to meet a partner;
- encouraging and developing the child/parent relationship with the non-custodial parent;
- advice on Work/Life/Balance for the single parent;
- how to manage your finances; and
- managing separation.

Generational Diversity

Our Generational Diversity strategy is focused on enabling mature workers to continue to contribute to our business success. As our workforce ages, IBM faces greater competition to attract new employees and retain existing ones. To address this challenge, we have processes, tools and strategies to retain and maximise the careers of our mature aged workforce and recruit from this talent pool.

In 2007, all IBM managers from Australia and New Zealand attended a manager conference in Brisbane. At this conference managers were provided the opportunity to attend workshops on 'Leading a Multi-Generational Workforce'.

At these workshops, managers were introduced to the concept of building an environment and culture where the individual needs of employees are respected in regards to stages in their life and careers. Robert Critchley, a well known consultant and author of *Generational Workforces*, conducted two workshops in June 2007, followed up by a teleconference call for managers in September of the same year.

In 2007, we continued to deploy the Generational Workforce Strategy, including Global Webcasts to raise awareness and capability of Mature Age Workers with the opportunity for employees to provide feedback on some of the challenges and opportunities on the topic of Mature Aged workers.

IBM also partnered with the Diversity Council of Australia in 2007 to deploy ground breaking research in the area of Mature Age Employment in Australia and New Zealand. This research assessed the underlying issues of recruitment and retention of Mature Age workers in a restricted labour market. It also provided IBM with data on how Mature Age workers felt about current and future engagement of the labour market.

Our Performance

Metric	2004	2005	2006	2007
Representation of workforce over 45	29%	31%	34%	44%
Representation of workforce over 65	0.18%	0.27%	0.2%	0.24%
% of part-time workers over 45	21%	22%	22%	22%
% of part-time workers over 65	0.4%	0.8%	1.0%	1.0%

Our Generational Diversity Program aims to provide a flexible workplace culture which allows IBM employees to enjoy:

- continued participation in the workforce without age-related barriers;
- flexible work hours and responsibilities;
- a variety of work style options;
- greater lifestyle choices;
- continued learning and job satisfaction; and
- an ongoing connection to the IBM community.



Cultural Diversity

IBM is dedicated to driving cultural change through innovative principles and policies, and is committed to providing a workplace where employees feel welcomed and valued for who they are. IBM operates across nine time zones in 170 countries, where more than 70 languages are spoken. This diversity is one of our greatest strengths – especially when we leverage it effectively, bringing the best talent and ideas together to solve our clients' problems.

Cultural diversity in IBM Australia

IBM Australia is a melting pot of cultures that contribute greatly to both our innovation and understanding of our clients. In 2007, IBM focused on continuing to build awareness of cultural diversity in our workforce, and also on growing our workforces' capability to work effectively in a globally integrated environment.

Asian Employee Constituency Networking Group

IBM employees established a globally recognised Asian Constituency Networking Group in Australia, which aims to highlight the value of our Asian talent in the organisation and build greater awareness and understanding of the Asian culture.

Networking Events

In 2007, IBM held various diversity networking events celebrating different cultures including large celebrations for the Lunar New Year in early 2007 and for Diwali, the Indian Cultural Festival of Lights held in November each year. IBM also supported and sponsored two IBM teams in the NSW Dragon Boat Racing Carnival, which was made up of employees from many different cultural backgrounds, and the teams were well supported by fellow IBM employees and their families who were able to enjoy the company provided BBQ's.

EX.I.T.E. Camp for Indigenous Australian students

In 2007, IBM developed the first EX.I.T.E. (EXploring Interests in Technology and Engineering) camp for Indigenous students. It was held in Ballarat, Victoria at the IBM facility which is located close to the University of Ballarat's Mount Helen Campus. IBM, the University of Ballarat and the Victorian Department of Education, worked with the local Indigenous community to present a four day camp for Indigenous students across the region, to develop their skills and motivation for IT, in a fun and project based camp environment.

The Cape York Program

IBM is working with Westpac to provide employee secondments to support Indigenous communities in Cape York. In conjunction with Indigenous Enterprise Partnerships, this program works with other Indigenous organisations to develop solutions and support programs that foster self-sufficiency in the community.

Since 2006, through the support and sponsorship of individual business units and the wider IBM, thirteen

employees have

now taken part in this secondment program. They have used their skills and experience to help build opportunity, education and employment in these remote Indigenous communities. The various projects and opportunities cover a wide scope and include

areas such as income

management, business development, personal development, IT and Marketing.

Shades of Blue

In 2007, IBM introduced a new version of its Cultural Intelligence education, Shades of Blue. This blended learning solutions and provided managers and employees with awareness, knowledge and skill readiness to work effectively across cultural differences and within a multicultural environment. Participants understand cultural competence and its importance to our environment today through exploring key cultural differences on national, functional, and interpersonal levels. Participants were also able to explore real-life challenges and opportunities to improve performance and bridge cultural gaps enabling employees to work successfully across cultures and across borders.

Floating Cultural Holiday

To acknowledge individuals' needs to balance cultural and work commitments, our Floating Cultural Holiday policy gives people the option of 'trading' official public holidays for another day of personal cultural significance. For example, an employee may wish to 'trade' the Queen's Birthday for Yom Kippur, Diwali or Eid.



Gay Lesbian Bisexual & Transgender Diversity

IBM strives to create an atmosphere where Gay Lesbian Bisexual & Transgender (GLBT) employees are valued, empowered to think freely, express themselves and innovate, and able to fully contribute to the workplace and our clients. Below are some of the recent initiatives and ongoing activities delivered in 2007.

GLBT Employee Networking Group

The 'EAGLE' (Employee Alliance for Gay & Lesbian Empowerment) Networking Group consists of proactive

employees whose objective is to work with the organisation to promote a safe and open working environment for all employees, regardless of sexual orientation, gender identity, or gender expression. The group offers GLBT employees opportunities to network both professionally and socially, career development and mentoring development, participation in community outreach and input into developing IBM's overall GLBT strategy. As with all of the Diversity Networking Groups, EAGLE has

a representative on the IBM Diversity Council and the Global GLBT Taskforce as well as the regional Asia Pacific internal GLBT work team.

"The employees of IBM represent a talented and diverse workforce. Achieving the full potential of this diversity is a business priority that is fundamental to our competitive success. Business activities such as hiring, promotion, and compensation of employees, are conducted without regard to gender, gender identity or expression, sexual orientation."

Mark Latchford,

Vice President, IBM Sales and Distribution
Executive sponsor for GLBT employees
at IBM Australia

IBM GLBT Employee Empowerment Conference

Workplace inclusion and engaged participation is important from IBM's and its employees' perspective. In March 2007, IBM held a GLBT Employee Empowerment Conference. The objective of the conference was: to reinforce IBM's commitment to supporting an environment that is actively inclusive of GLBT individuals; to challenge existing perspectives of GLBT held within the workplace; to discuss and understand issues; and to develop a focused set of actions that further improve the reach and influence in addressing GLBT issues within IBM, with external organisations and business partners, and in support of the community.

Employee Float in the Sydney Mardi Gras

IBM proudly supports its GLBT employees in celebration of diversity and has been sponsoring a float in the Sydney Mardi Gras since 2004. In 2007, over 80 IBM employees, partners and friends joined the float which aptly showcased IBM's overall marketing theme of 'What Makes You Special?'

The Midsumma Festival

In January 2007, IBM sponsored and participated in the Volunteers Program of the Midsumma Festival. The festival celebrated 20 years of diversity and inclusion in the community and had over 100,000 people enjoy the month long calendar of arts and cultural events, showcasing the talents within GLBT community to the wider community.

2008 Diversity Objectives

- ✓ *Ensure our workforce is representative of IBM's client and community base.*
- ✓ *Raise employee morale by being seen as an employer of choice by our people.*
- ✓ *Contribute to our brand image by being recognised as a leader in diversity and as an employer of choice in the external marketplace.*