

Kyndryl Fiscal 2024 TCFD Report



Task Force on Climate-Related Financial Disclosures (TCFD) Report

Introduction

At Kyndryl, we power human progress by integrating climate risk management into our core strategy to positively impact our business, emphasizing environmental stewardship, social inclusivity and strong governance. Our approach focuses on identifying and mitigating environmental impacts, embracing sustainable innovations and enhancing our resilience. As we navigate a dynamic global landscape with evolving climate challenges, we incorporate climate commitment into our business foundation, striving to advance sustainability, support our teams and communities, and maintain strong governance practices.

Kyndryl recognizes our key role in maintaining energy-efficient operations and transitioning our business model to one that can operate effectively in a low-carbon economy. We implement our climate strategy across our facilities in over 60 countries to mitigate climate-related risks and decarbonize our operations. This comprehensive approach to reducing physical- and transition-related risks helps us meet stakeholder expectations on climate resilience while continuing to support thousands of customers worldwide.

Kyndryl is pleased to present our updated Task Force on Climate-Related Financial Disclosures (TCFD) Report for fiscal 2024. We use the TCFD recommendations to help establish responsible and transparent disclosure practices on climate-related issues and to keep our stakeholders informed about our progress toward achieving net-zero greenhouse gas (GHG) emissions by 2040. Since our inaugural Task Force on Climate-Related Financial Disclosures Report in fiscal 2023, we have integrated additional climate-related adaptation and mitigation strategies across our business to enable Kyndryl to maintain IT infrastructure services for our customers, partners and stakeholders in the case of a climate-related event. We have made significant strides in advancing our climate strategy, including enhanced risk management, increased energy efficiency and the adoption of innovative sustainability solutions. Our updated TCFD Report reflects these advancements and our commitment to transparency as we continue to work toward our net-zero goal and support our stakeholders through this critical transition.

| TCFD recommendation | Disclosure | Reference/ Further details |
|---|--|--|
| 1. Governance | | |
| A. Board of Directors oversight on climate-related risks and opportunities | <p>Kyndryl's Board of Directors oversees climate risk and sustainability practices. The Board is updated on climate change impacts as well as potential strategies to reduce GHG emissions and mitigate associated risks.</p> <p>The Board has established an oversight structure to support management's development and execution of the company's overall corporate citizenship strategy, which emphasizes environmental stewardship with sustainable practices, investment in employee development and inclusivity, and building trust through best governance practices overseen by our experienced Board. Led by the CEO and Global Head of Corporate Affairs, the Corporate Citizenship Executive Committee meets at least quarterly and updates the Board on the strategy's progress.</p> <p>The Board oversees risk management through a multi-tiered approach, with oversight shared among the Audit Committee, Compensation and Human Capital Committee, and Nominating and Governance Committee. Each committee focuses on areas aligned with its charter and regularly reports to the Board. Kyndryl's Board oversight structure is shown in Figure 1.</p> <p>Our Global Sustainability Group (GSG) is part of our Corporate Citizenship Executive Committee and key senior executives update the Board on specific climate-related risks, market trends and regulations that may impact business operations. Our programs involving climate resiliency and GHG emissions, and water and waste management, including the setting, tracking and measuring of our goals, are executed by our GSG collaboratively with functions across the company, including our Real Estate and Data Center Services (RDC) team, Procurement, Logistics, Finance, Human Resources and Legal as part of our Environmental and Energy Management System (E&EnMS). This formalized process helps our Board maintain and enable broader leadership discussions on Kyndryl's risk management, mitigation strategies and regulatory considerations.</p> | <p>2024 Proxy Statement, page 28</p> <p>CDP: 4.1.2</p> |

| TCFD recommendation | Disclosure | Reference/ Further details |
|---|--|-------------------------------|
| 1. Governance | | |
| A. Board of Directors oversight on climate-related risks and opportunities (cont.) | <p>The Board oversees and prioritizes identifying climate-related risks. GSG, supported by RDC and other internal stakeholders, is accountable for further integrating and assessing climate risk responsibilities throughout our core business and governance principles. The Board provides guidance on Kyndryl's approach to climate change strategies and endorsed Kyndryl's net-zero commitment. As we work toward achieving our climate targets, the Board receives ongoing updates from key executives about strategies across our areas of operation and associated value chain.</p> | |

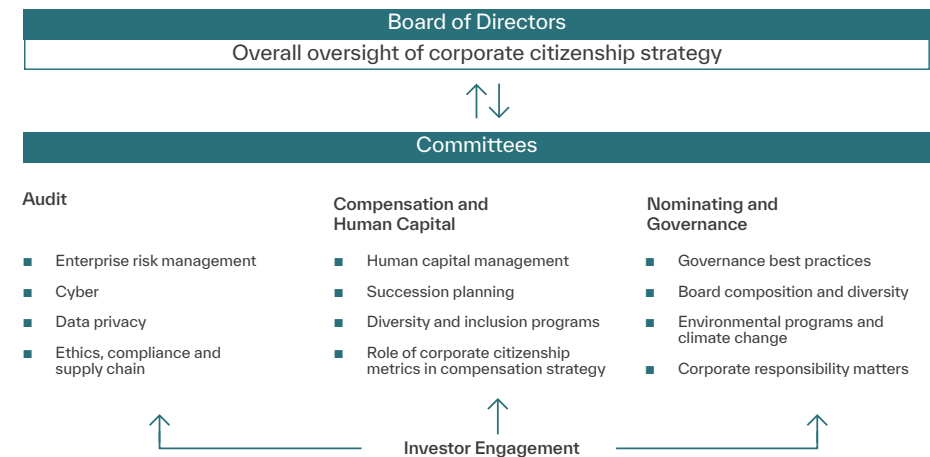


Figure 1: Kyndryl's Board oversight of corporate citizenship strategy

| | Disclosure | Reference/ Further details |
|--|--|---|
| 1. Governance | | |
| B. Management's role in climate-related risks and opportunities | Climate-related responsibilities are assigned to different executive and leadership positions across Kyndryl and incorporated across key business functions. Our governance system for climate-related risks and opportunities, shown in Figure 2, allows for continued cross-functional alignment in support of environmental and climate change programs and other key priorities of Kyndryl's corporate citizenship strategy. | 2024 Proxy Statement, page 19 CDP: 4.3 |

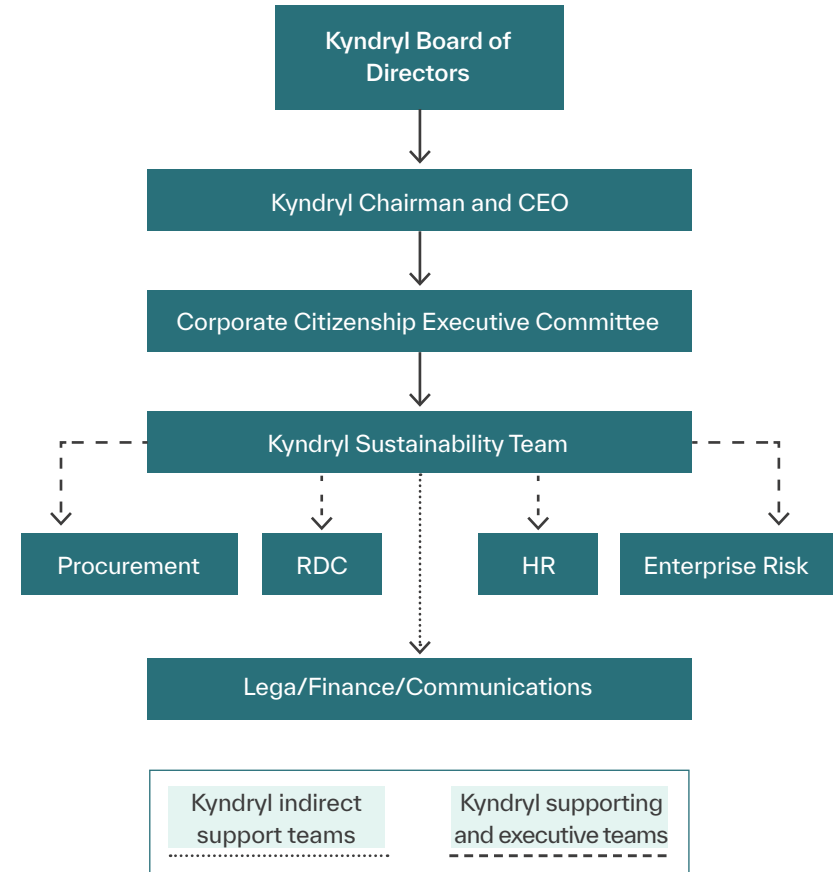


Figure 2: Kyndryl's governance system for climate-related risks and opportunities

| Corporate Citizenship Executive Committee | |
|--|---|
| Title | Role |
| Chairman and Chief Executive Officer | Executive Sponsor |
| Chief Operating Officer | Executive Sponsor of the Environmental Working Group |
| Chief Human Resources Officer | Executive Sponsor of the People and Social Working Group |
| Chief Financial Officer | Committee Member |
| Global Head of Corporate Affairs | Chairperson |
| Senior Vice President of Global Citizenship and Sustainability | Leader of the Environmental Working Group, focused on climate change, environmental resources, supply chain, human rights, social impact, the Kyndryl Foundation and overall corporate citizenship management |
| Vice President, Legal | Leader of the People and Social Working Group, focused on talent, diversity, safety, health and wellness, and compensation |
| Vice President, Legal | Leader of the Trust and Governance Working Group, focused on cybersecurity, data privacy, ethics, AI, governmental affairs and risk management |
| Vice President, Chief Inclusion, Diversity and Equity Officer | Committee Member |
| General Counsel and Corporate Secretary | Executive Sponsor of the Trust and Governance Working Group |

| TCFD recommendation | Disclosure | Reference/ Further details |
|--|---|----------------------------|
| 1. Governance | | |
| B. Management's role in climate-related risks and opportunities (cont.) | <p>Kyndryl's Board has oversight of our risk management and climate-related risks. Our Chairperson and Chief Executive Officer (CEO) is responsible for overseeing the overall direction of Kyndryl's business and corporate citizenship strategy, which includes climate-related objectives. The CEO is regularly updated on corporate citizenship and climate-related items through the Corporate Citizenship Executive Committee, which is led by our Global Head of Corporate Affairs and includes key leaders from Sustainability, Legal, Finance, Human Resources, Operations, and Inclusion, Diversity and Equity. The committee meets to discuss corporate citizenship- and climate-related initiatives and is responsible for overseeing Kyndryl's climate- and environment-related policies and programs. The Corporate Citizenship Executive Committee also updates the Nominating and Governance Committee on environmental and sustainability goals and initiatives. Our Senior Vice President of Global Citizenship and Sustainability leads Kyndryl's Global Sustainability Group (GSG) and is responsible for advancing the company's overall strategic direction and execution of sustainability-related initiatives. Under GSG's direction, environment- and climate change-related risks have been incorporated and prioritized within the company's Enterprise Risk Management (ERM) program.</p> | |

| TCFD recommendation | Disclosure | Reference/ Further details |
|---|--|--|
| 2. Strategy | | |
| A. Key climate-related risks and opportunities identified in the short, medium and long term | <p>Addressing climate change risks and environmental operational efficiency has been a strategic priority for Kyndryl's sustainability program since our formation as a company. To deliver on our commitment to reach net-zero GHG emissions by 2040, we have integrated key sustainability initiatives into our businesswide strategy.</p> <p>Our Climate Action Plan is focused on assessing the impacts of climate-related risks, implementing key strategic planning and risk management initiatives to mitigate these impacts, and leveraging new opportunities to offer sustainability-related products and services to markets in which we operate.</p> <p>To effectively mitigate and adapt to climate-related impacts, Kyndryl uses predictive climate models, scenarios and methodologies to assess physical and transition risks. Physical risks (acute and chronic) include flooding, cyclone events, water stress, droughts and extreme heat. Transition risks include increased and upcoming regulations, stakeholder pressures, and market and technology requirements.</p> <p>We also consider potential climate-related opportunities, such as enhanced climate resiliency, renewable energy programs and energy efficiency management. We then categorize these climate-related risks and opportunities into short-term (0-1 year), medium-term (1-5 years) and long-term (5+ years) horizons to help us prioritize appropriate climate action.</p> <p>Our climate scenario analysis integrates a range of time horizons – from short-term to long-term – and various temperature scenarios to assess both physical and transition risks and opportunities aligned with the TCFD framework. Our TCFD assessment involves multiple steps and a cross-functional team of our subject-matter experts from operations, enterprise risk management, corporate security and business continuity to gather insights and perspectives from across Kyndryl on climate risks.</p> | <p>Environmental Sustainability Kyndryl</p> <p>CDP: 2.1, 2.2.1, 2.2.2, 2.2.5, 2.2.6, 2.2.8 and 2.2.9</p> |

| TCFD recommendation | Disclosure | Reference/ Further details |
|---|---|-------------------------------|
| 2. Strategy | | |
| A. Key climate-related risks and opportunities identified in the short, medium and long term (cont.) | <p>The information gathered from internal stakeholders and industry research is crucial to informing and refining our modeling processes.</p> <p>In July 2024, we updated our physical climate risk modeling and analysis to better understand our evolving climate-related risks and to align our strategy with the latest business developments. Our updated analysis builds on our 2023 inaugural scenario analysis and maintains the same methodologies while updating and expanding its scope. The updated assessment of 91 Kyndryl datacenters and key offices helps us to better prioritize risks and meet regulatory requirements, bolsters our resilience against climate impacts and provides a more comprehensive evaluation by broadening geographical and operational context.</p> <p>The assessment considered three climate scenarios from the Intergovernmental Panel on Climate Change's (IPCC) Shared Socioeconomic Pathways (SSP), including a Low Warming (SSP1-2.6), a Higher Warming (SSP3-7.0) and a Highest Warming (SSP5-8.5) climate scenario. We evaluated risks across three timescales – a 2000s baseline assessment, and two future periods aimed at the 2030s and 2050 – to capture both medium-term and long-term impacts. By leveraging high-resolution climate models and site-specific data, we evaluated the exposure of each Kyndryl location, considering factors such as local topography, and infrastructure vulnerabilities and resilience. This exposure and vulnerability assessment enabled us to assign a risk rating to each site, categorizing potential impacts and likelihood of occurrence for targeted action planning.</p> <p>In addition to physical risk climate modeling, Kyndryl assessed transition risks relevant to our datacenter operations and cloud-based business model. In contrast to physical risks, transition risks are those associated with the global transition to a low-carbon economy.</p> | |

| TCFD recommendation | Disclosure | Reference/ Further details |
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| 2. Strategy | | |
| A. Key climate-related risks and opportunities identified in the short, medium and long term (cont.) | <p>To assess these risks, we undertook scenario analysis, using inputs and assumptions about hypothetical future economic and energy systems from the International Energy Agency (IEA). In keeping with TCFD recommendations, we used two scenarios, including one at or above 2 degrees Celsius (the Stated Policies Scenario, STEPS- WEO 2023) and another projected to keep the world under 2 degrees Celsius of warming (the more ambitious Net-Zero by 2050 scenario, NZE2050-WEO 2023). Using these energy system scenarios, we identified potential policy, regulatory, market and reputational impacts across our business and operations.</p> <p>Further details of Kyndryl’s specific climate-related impacts that we have identified and are currently analyzing in our risk management approach are listed in Tables 1 and 2.</p> | |

Table 1: Key climate-related risks identified

| Risk category | Risk description | Risk classification |
|-----------------------|---|---|
| Physical | Acute <ul style="list-style-type: none"> • River flooding • Extreme rainfall flooding • Coastal flooding • Tropical cyclones • Wildfire weather • Rainfall induced landslides | Kyndryl categorizes physical risks into acute and chronic categories to better understand their impact on our operations. Most of the 91 sites assessed fall into a minimal-to-low risk category under current and future climate conditions. However, fewer than 10 sites are categorized as substantial risk, due to vulnerabilities related to flooding and water stress. For these locations, significant climate-related events could result in major impacts on property, personnel safety and regulatory compliance, necessitating targeted mitigation efforts to address these vulnerabilities. |
| | Chronic <ul style="list-style-type: none"> • Extreme heat • Extreme cold • Water stress | |
| Transition | Policy and regulatory <ul style="list-style-type: none"> • Energy efficiency requirements | Enhanced energy efficiency standards for buildings across Kyndryl’s value chain |
| | <ul style="list-style-type: none"> • Datacenter regulations | Increased regulation for datacenter energy procurement strategies and business operations |
| | Market <ul style="list-style-type: none"> • Availability of renewable energy | Reduced market availability of renewable energy in Kyndryl’s areas of operation |
| | <ul style="list-style-type: none"> • Cost of renewable energy | Increased cost of procuring renewable energy in local markets |
| Reputational concerns | <ul style="list-style-type: none"> • Stakeholder concerns | Increased stakeholder pressures due to perceptions of Kyndryl’s climate resiliency and overall sustainability impacts |

Table 2: Key climate-related opportunities identified

| Opportunity category | Opportunity classification | Opportunity description | Potential financial benefits |
|-----------------------|--|--|--|
| Energy sources | Renewable energy market strategic analysis and planning | Improve renewable procurement strategy to assess future availability and accessibility of renewable energy in areas of operations | Reduced cost of renewable energy |
| | | Enable generation of renewable energy annually to help Kyndryl source 100% of energy requirements from renewable energy sources by 2030 | Reduced cost of energy procurement |
| Energy efficiency | Energy management and efficiency improvements | Maintain an Environmental and Energy Management System certification in compliance with ISO 14001 and 50001 | Reduced exposure to energy efficiency reporting requirements and decreased cost of compliance |
| | | Reduce our datacenter energy consumption by implementing energy efficiency programs across Kyndryl operations | Decreased cost of energy procurement |
| Products and services | Expansion of sustainability linked services | Provide IT services that continue to assist customers in reducing their GHG footprint | Increased revenue, improved brand and customer satisfaction |
| Climate resiliency | Climate procurement strategy | Improve climate resiliency requirements during supplier selection process | Improved efficiency and lower climate risks across supply chain |
| | Increased climate mitigation within data-center operations | Implement and continually test robust redundancy measures for power and cooling systems within datacenters to ensure uninterrupted IT service and safeguard against potential climate-related disruptions, such as power outages or equipment malfunctions | Decreased cost of compliance, lower operating costs, increased business continuity and greater customer satisfaction |

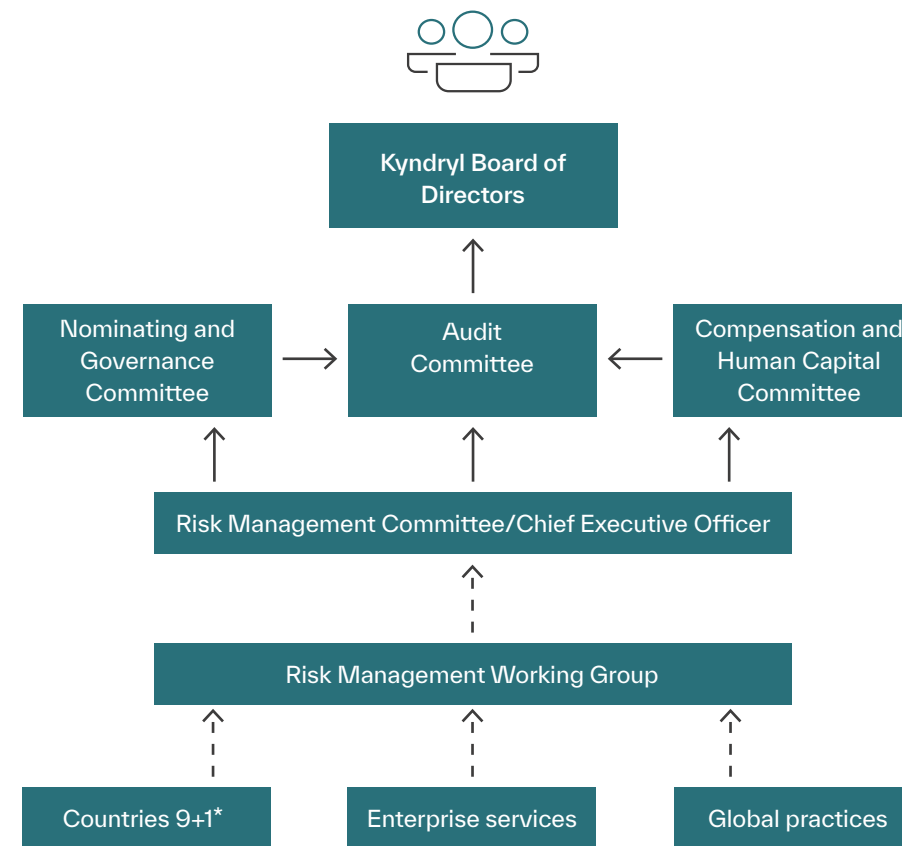
| TCFD recommendation | Disclosure | Reference/ Further details |
|--|--|--|
| 2. Strategy | | |
| B. Impact on the organization's business, strategy and financial planning | <p>Under Kyndryl's Climate Action Plan, our team has worked to increase our use of renewable energy, introduce energy and operational efficiencies, and implement climate adaptation initiatives to mitigate climate-related risks within our physical and serviced asset locations.</p> <p>Listed below are some key climate-related impacts incorporated into our Climate Action Plan:</p> <p>Real estate and datacenter footprint</p> <p>As the world's largest IT infrastructure services provider, we have a responsibility to deliver energy efficient IT infrastructure and globally scale sustainable solutions. Since 2021, we have reduced our datacenter energy consumption and have enabled additional generation of solar energy. We prioritize emission reduction projects and efficiency requirements within our datacenter and real estate footprint, recognizing the opportunity to reduce our direct and indirect electricity consumption.</p> <p>Supply chain</p> <p>Kyndryl has taken steps to understand how our suppliers contribute to our overall emissions profile. The emissions from our suppliers represent the greatest portion of the scope 3 emissions in our GHG inventory. We have introduced a scope 3 roadmap to outline GHG reduction requirements for suppliers concerning purchased goods and services and capital goods, and plan to introduce employee education and increase awareness about business travel and commuting.</p> | <p>Environmental Sustainability Kyndryl</p> <p>CDP: 3.1.1, 3.6.1, 5.1.2, 5.2, 5.3.1, 5.3.2, 5.14, and 5.14.1</p> |

| TCFD recommendation | Disclosure | Reference/ Further details |
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| 2. Strategy | | |
| B. Impact on the organization's business, strategy and financial planning (cont.) | <p>Low emission IT infrastructure and cloud services</p> <p>To help customers reduce emissions and improve the efficiency of their IT estates and business operations, Kyndryl is migrating many customers to cloud infrastructure. Cloud migration helps reduce carbon emissions through the use of newer servers, hyperscaler innovations and more efficient datacenters. As we migrate key customers from on-premises services to cloud system models, we will continue increasing the proportion of renewable energy used in our datacenters and improving datacenter efficiencies. We are currently developing several solutions to help customers improve their efficiency and the overall sustainability of their IT operations.</p> | |
| C. Kyndryl's resilience considering climate-related scenarios | <p>During Kyndryl's climate risk assessment, we utilized scenarios to analyze our resiliency to both physical and transition climate-related risks.</p> <p>For physical risks, our analysis incorporated the IPCC's current physical climate scenarios SSP1-2.6, SSP3-7.0 and SSP5-8.5 to model societal and economic development. These scenarios are the most suitable choices because they encompass a broad range of possible futures, from ambitious climate action with low emissions (SSP1-2.6) to a scenario with high emissions and minimal climate policies (SSP5-8.5). The middle-of-the-road scenario (SSP3-7.0) is considered the most likely, reflecting moderate to high emissions based on current trends. This range of scenarios allows us to evaluate a wide spectrum of potential physical risks and impacts, ensuring that our risk management strategies are robust and adaptable to various possible outcomes of climate change. Against these scenarios, Kyndryl was able to review acute and chronic weather impacts across our global operations and prioritize specific locations with greater physical climate-related risks for targeted monitoring and risk mitigation efforts.</p> | CDP: 5.1, 5.1.1 and 5.1.2 |

| TCFD recommendation | Disclosure | Reference/ Further details |
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| 2. Strategy | | |
| C. Kyndryl's resilience considering climate-related scenarios (cont.) | <p>Kyndryl continues to closely monitor and assess transition risks and incorporate them into our overall business strategy, with a focus on increased climate legislation, renewable energy procurement and stricter energy efficiency requirements. We incorporate necessary levels of transition risk identification and management through our continued monitoring of regulations and requirements, and our work to introduce these risks into our long-term financial planning.</p> <p>While climate scenarios represent plausible projections for climate-related impacts, we recognize that more granular climate modeling may be required in future business planning. As Kyndryl progresses toward our net-zero goal, we will continue to model our future business and sustainability strategies against updated climate scenarios and their methodologies, parameters and exposure metrics.</p> | |

| TCFD recommendation | Disclosure | Reference/ Further details |
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| 3.Risk management | | |
| A. Process for identifying and assessing climate-related risks | <p>Kyndryl's overall Enterprise Risk Management (ERM) program is designed to support strong governance models and assign responsibility for risk identification and mitigation.</p> <p>Our updated ERM program identifies and assesses climate-related risks across our operations, including environmental, social and governance risks. These risks are codified within our corporate risk register to enable active risk management assessments on a quarterly basis and prioritize appropriate mitigative measures across global operations. To help prioritize appropriate actions, management across all our global practices and enterprise functions completes risk assessment surveys. Identified inherent and residual risks are ranked based on their impact on Kyndryl's operations and revenue, and their likelihood over 0-5 years.</p> <p>We consider climate risk and GHG management as one of our enterprise risks and work with identified risk owners across the enterprise to conduct risk assessments. Results of these assessments are then discussed and summarized with Kyndryl's Risk Management Working Group (RMWG) and recommended to our Risk Management Committee (RMC) for presentation to the CEO and Board of Directors. The RMWG includes Kyndryl's Senior Vice President of Global Citizenship and Sustainability, who provides guidance on identifying climate-related risks. Kyndryl's ERM governance model is shown in Figure 3.</p> | <p>CDP: 2.1, 2.2.1, 2.2.2, 2.2.5, 2.2.6, 2.2.8 and 2.2.9</p> |

Table 3: Kyndryl's Enterprise Risk Management governance model



Kyndryl's ERM program is (i) designed to be fit-for-purpose to support strong governance, (ii) assign the responsibility of risk identification and mitigation to Line 1 management, and (iii) designate the general auditor's organization to be the ERM program management office (line 3) to ensure consistency of application and objectivity.

*Countries 9+1 refers to Kyndryl's nine organizational countries/markets and one strategic market group.

Table 3: Kyndryl’s Enterprise Risk Management governance model (cont.)

| Risk Management Committee | |
|--|--|
| Key responsibilities 1. Approve proposed ERM Program 2. Review and approve inherent and residual risk heatmaps 3. Review risk heatmaps with CEO 4. Review risk heatmaps with the Audit Committee 5. Meet twice annually (per fiscal year) | Members 1. Group President 2. Chief Financial Officer 3. Chief Operating Officer 4. Chief Human Resources Officer 5. Chief Legal Officer 6. Chief Information Officer 7. Global Head of Corporate Affairs |
| Risk Management Working Group | |
| Key responsibilities 1. Drive the risk assessment process 2. Enable a risk aware culture 3. Review and approve preliminary risk heatmaps 4. Propose the risk heatmaps to the Risk Management Committee 5. Meet four times annually (per fiscal year) | Members Members include senior executives from Kyndryl Group (2), Finance (4), Operations (1), Human Resources (1), Legal (1), Chief Information Security Office (1), Corporate Affairs (1), Kyndryl U.S. (1), Kyndryl Countries (1) and Delivery (1). |
| ERM Project Management Office | |
| Key responsibilities 1. Develop and deploy the ERM Program 2. Enable the Risk Management Working Group and Risk Management Committee to fulfill their responsibilities | Members 1. General Auditor 2. Vice President, ERM Project Management Office |

| TCFD recommendation | Disclosure | Reference/ Further details |
|--|---|----------------------------------|
| 3.Risk management | | |
| B. Process for managing climate-related risks | <p>Kyndryl has established a robust process for managing ESG and climate-related risks through our ERM program. Our ERM governance structure is designed to assign responsibility of risk identification and mitigation for climate-related risks.</p> <p>Kyndryl’s ERM Project Management Office develops the initial list of risks across the company and helps the RMWG prioritize actions on specific risks, including those related to climate change. Our RMWG meets four times annually and is comprised of key corporate and regional stakeholders, including our Senior Vice President of Global Citizenship and Sustainability. Members of the RMWG provide input, review and validation of companywide risks including climate-related risks.</p> <p>Once a preliminary risk register has been received from the ERM Project Management Office, the RMWG is responsible for driving the risk assessment process. The RMWG reviews and approves risks for Kyndryl’s consideration, including risks related to sustainability and climate change. Our RMC meets twice annually and has final approval over the classification and ranking of inherent and residual climate-related risks within the company.</p> <p>Climate-related risks controls are developed and managed by our Environmental Sustainability Council and reviewed with the Executive Sponsors of the Corporate Citizenship Executive Committee, which includes the Chief Operating Officer, Global Head of Corporate Affairs and Senior Vice President of Global Citizenship and Sustainability, who work with our Chief Audit Officer overseeing the ERM program. The Executive Sponsor review enables Kyndryl to adopt appropriate mitigation efforts that are coordinated throughout the company.</p> | CDP: 2.1, 2.2.1, 2.2.8 and 2.2.9 |

| TCFD recommendation | Disclosure | Reference/ Further details |
|---|--|-------------------------------|
| 3.Risk management | | |
| <p>B. Process for managing climate-related risks (cont.)</p> | <p>At this stage, individual executive ownership is assigned throughout the company to enable a coherent and businesswide risk-aware culture. Risk owners are responsible for identifying, assessing and managing risks within their areas of expertise.</p> <p>Kyndryl's Climate Action Plan has been developed alongside our ERM processes to enable appropriate resource allocation and regular internal reporting on risk management. Our business continuity depends on the security of our IT infrastructure and service availability we provide for our customers. We manage our IT environment with a security and business continuity policy consistent with a large, publicly traded multinational corporation, adhering to applicable U.S. and international regulations with regular auditing and testing. In a climate-related emergency, we notify employees within the affected location or region through Aerobridge, our notification management system, to mitigate any potential impacts to our personnel. Depending on the specific customer requirements and protocols as well as our own business contingency planning, customer IT services can be moved in the case of an acute climate-related event. As part of our climate emergency preparedness planning, we have implemented Everbridge, an enterprise software that provides business continuity services in case of an emergency. Using this tool, we develop organizational resilience through the ability to automatically monitor all global facilities through our geo-command center during a climate-related event.</p> <p>Kyndryl continues to incorporate additional resiliency requirements into data architecture and datacenter infrastructure models. Our ongoing evolution is informed by the constant evaluation, monitoring, review and testing of all systems and infrastructure, leveraging industry best practices and tools to maximize operational resiliency.</p> | |

| TCFD recommendation | Disclosure | Reference/ Further details |
|---|--|-------------------------------|
| 3.Risk management | | |
| <p>B. Process for managing climate-related risks (cont.)</p> | <p>Each business area is accountable for identifying and prioritizing critical processes based on impact and risk. They must also identify critical dependencies, such as stakeholders, locations/sites, resources, IT, suppliers, partners, non-IT services and process interdependencies.</p> <p>Our critical datacenter operations integrate water access and water stress considerations into risk management planning to mitigate physical climate risks. In the case of an extreme climate-related event, Kyndryl Managed Backup and Recovery Services support disaster recovery and business continuity by ensuring that data can be quickly recovered if it is accidentally lost. Our data services can run from local grid networks thanks to Kyndryl's Work Area Recovery centers, where customers can temporarily move their employees if operations at their original site are disrupted.</p> <p>For customers with high volumes of data requirements, Kyndryl also mirrors data in separate delivery centers located on different continents to ensure reliable data access in the case of an extreme weather event or climate-related disruption to regular business operations.</p> <p>Based on the results of our climate risk assessment, we are exploring how best to further incorporate climate resiliency initiatives, such as air cooling for data terminals and other water mitigation strategies for data architecture and business infrastructure based on location. Starting in 2025, we will coordinate efforts to further assess and manage risks associated with our supply chain, as shifting climate patterns and market changes may impact our supplier operations and distribution.</p> | |

| TCFD recommendation | Disclosure | Reference/ Further details |
|---|---|-------------------------------|
| 3. Risk management | | |
| C. Integration of climate-related risks into overall risk management processes | <p>In 2024, Kyndryl implemented the results of our updated physical and transition climate scenario analysis to support further integration of climate risks within our ERM program.</p> <p>Our formalized corporate risk register includes climate change as an actively monitored risk in our ERM program. By encompassing the potential impacts and disruptions associated with physical climate-related risks, our ERM program helps us to actively monitor risks to our operations and supplier base at regional and global levels. In future analyses, we aim to include localized climate-related risks with our ERM program to enhance our climate risk management process.</p> <p>Insights from our recent scenario analysis of climate-related risks and opportunities can be used to detect potential trends and better enable us to craft contingency plans and adaptive strategies. Additionally, our comprehensive assessment of physical climate risks across all our facilities has identified certain vulnerabilities and guides us in developing proactive mitigation strategies and directing investments toward enhancing resilience.</p> | CDP: 2.1 and 2.2.1 |

| TCFD recommendation | Disclosure | Reference/ Further details |
|--|--|------------------------------------|
| 4. Metrics and targets | | |
| A. Metrics used to assess risks and opportunities | <p>Kyndryl tracks our climate-related performance using a variety of tailored metrics. We built our 2040 net-zero goal in line with the scientific recommendations of the Intergovernmental Panel on Climate Change (IPCC) to reach net-zero global carbon emissions by 2050 and limit global warming to 1.5 degrees Celsius. Kyndryl's net-zero 2040 commitment follows science-based frameworks and includes absolute reductions across scope 1, 2 and 3 GHG emissions.</p> <p>To meet our near-term and long-term climate-related targets, Kyndryl uses the following performance metrics:</p> <ul style="list-style-type: none"> • Scope 1, scope 2 and scope 3: Absolute percentage reductions in GHG emissions against baseline • Datacenter energy use and electricity consumption: Electrical energy consumption tracked in megawatt-hours (MWh) per annum • Percentage of renewable energy consumption: Absolute percentage of purchased electricity generated from renewable energy sources against conventional fuel sources • Power usage effectiveness (PUE): Calculating IT equipment energy demands against total facility power to determine the energy efficiency of Kyndryl datacenters and monitor power consumption and energy costs <p>Kyndryl's metrics align with industry best practices and recognized emission quantification methodologies concerning science-based frameworks and usage of renewable energy.</p> | CDP: 7.52, 7.54, 7.54.1 and 7.54.2 |

| TCFD recommendation | Disclosure | Reference/ Further details |
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| 4. Metrics and targets | | |
| B. Disclosure of scope 1, 2 and 3 greenhouse gas emissions | <p>We have developed our scope 1, 2 and 3 GHG emissions baselines in line with internationally recognized methodologies such as the Greenhouse Gas Protocol (GHG Protocol) and the Science-Based Targets initiative (SBTi).</p> <p>Definitions:</p> <p>Scope 1 – Direct emissions from natural gas and diesel used onsite at our facilities and refrigerants controlled by Kyndryl</p> <p>Scope 2 – Indirect emissions from purchased electricity, hot water, chilled water and steam not owned or controlled by Kyndryl</p> <p>Scope 3 – Other indirect, upstream and downstream emissions from operations not owned or controlled by Kyndryl, including emissions from third-party cloud data management services on behalf of our customers</p> | CDP: 7.6, 7.7, 7.8, 7.8.1, 12.1, 12.1.1, 12.1.3 and 12.3 |

| TCFD recommendation | Disclosure | Reference/ Further details |
|--|---|--|
| 4. Metrics and targets | | |
| C. Targets used and performance | <p>In December 2022, Kyndryl announced our plan to achieve net-zero GHG emissions by 2040, aligning with the Paris Agreement climate goals and the scientific recommendations of the IPCC to reach net-zero global GHG emissions by 2050.</p> <p>This includes our near-term target to reduce absolute scope 1, 2 and 3 GHG emissions 50% by fiscal 2030 from a fiscal 2023 base year. Within this near-term target, we also committed to reducing absolute scope 1 and 2 GHG emissions 75% by fiscal 2030 from a fiscal 2023 base year and reducing absolute scope 3 GHG emissions from purchased goods and services, capital goods, and fuel and energy-related activities within the same timeframe. SBTi has validated Kyndryl's net-zero science-based target by 2040 and near-term science-based emissions reduction targets.</p> <p>In addition to our absolute emissions reduction targets, Kyndryl has committed to obtaining 100% of our purchased electricity through renewable sources by 2030.</p> | CDP: 7.53, 7.53.1, 7.53.2, 7.53.4, 7.54, 7.54.1 and 7.54.2 |



This report was not printed.

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