

# Carbon Reduction Plan

Supplier name: Kyndryl UK Limited

Publication date: 20 December 2024

## Commitment to achieving Net Zero

Kyndryl UK Ltd is committed to achieving Net Zero emissions by 2040 aligned with the Company's Net Zero commitment outlined below: <https://www.kyndryl.com/us/en/about-us/news/2022/12/kyndryl-commits-to-net-zero-carbon-emissions-by-2040>

## Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are a pro-forma estimate and are the reference point against which emissions reduction can be measured.

<p><b>Baseline Year: 2023 (1 April 2022 – 31 March 2023)</b></p>
<p><b>Additional Details relating to the Baseline Emissions calculations.</b></p>
<p>Kyndryl uses the operational control approach to account for and report its Greenhouse Gas (GHG) emissions metrics.</p> <p><u>GHG Emissions Disclosures</u></p> <p>Kyndryl considers the principles and guidance of the World Resources Institute (WRI) and the World Business Council for Sustainable Development's (WBCSD) The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition, and GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard (together, the "GHG Protocol") to guide the criteria to assess, calculate and report direct and indirect GHG emissions. The data sources for emission factors include UK Government GHG Conversion Factors for Company Reporting 2022, European Environment Agency CO<sub>2</sub>-emission intensity from electricity generation 2022 and Association of Issuing Bodies European Residual Mix.</p> <p>GHG emissions quantification is subject to significant inherent measurement uncertainty because of such things as GHG emissions factors that are used in mathematical models to calculate GHG emissions, and the inability of these models, due to incomplete scientific knowledge and other factors, to accurately measure under all circumstances the relationship between various inputs and the resultant GHG emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data. The selection by management of different but acceptable measurement techniques could have resulted in materially different amounts or metrics being reported.</p>

Carbon dioxide equivalent (CO<sub>2</sub>e) emissions are inclusive of carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>O), methane (CH<sub>4</sub>), and industrial gases such as hydrofluorocarbons (HFCs). Not emitted at Kyndryl's sites are perfluorocarbons (PFCs), nitrogen trifluoride (NF<sub>3</sub>), and sulfur hexafluoride (SF<sub>6</sub>). CO<sub>2</sub>e emissions are calculated by multiplying actual or estimated energy/fuel usage or refrigerant gas loss by the relevant emission factor and/or Global Warming Potentials (GWP). All emission factors are reviewed annually.

To promote the accuracy and integrity of our reporting, we engaged PricewaterhouseCoopers LLP to perform a limited assurance engagement on scope 1 and scope 2 GHG emissions metrics and ERM Certification & Verification Services Incorporated (ERM CVS) to perform a limited assurance engagement on all applicable scope 3 GHG emissions categories except Category 4.

Our scope 1 and scope 2 data is available at regional and country level, while our scope 3 data has not yet been disaggregated to this detail. For this reason, we have supplied the country totals for the UK for scope 1 and scope 2, and a global total for scope 3.

We are updating our methodologies based on best practices and lessons learned from our first year of emissions calculations. As a result of this, our 2023 third-party assured scope 3 emissions serve as an estimate for 2024 emissions disclosures across all Kyndryl. We plan to share our third-party assured fiscal 2024 scope 3 GHG emissions data, as well as any accuracy restatements, by the end of fiscal 2025 (March 31, 2025).

<b>Baseline year 2023 (1 April 2022 – 31 March 2023) pro-forma estimated emissions:</b>	
<b>EMISSIONS</b>	<b>TOTAL (MT CO<sub>2</sub>e)</b>
<b>Scope 1</b>	2,728.41
<b>Scope 2 (location and market based)</b>	14,249.87 (location) 373.41 (market)
<b>Scope 3 (All applicable categories - 1,2,3,4,5,6 &amp;7)</b>	725,572 (global total)
<b>Total Emissions</b>	Scope 1+2 location (UK): 16,978.28 MT CO <sub>2</sub> e Scope 1+2 market (UK): 3,101.82 MT CO <sub>2</sub> e Scope 3 (Global): 725,572

## Current Emissions Reporting

<b>Pro-forma estimated</b> <b>Reporting Year: 2024 (1 April 2023 – 31 March 2024)</b>	
<b>EMISSIONS</b>	TOTAL (MT CO <sub>2</sub> e)
<b>Scope 1</b>	2,685.88
<b>Scope 2 (location and market based)</b>	12,807.00 (location) 1,535.48 (market)
<b>Scope 3 (All applicable categories - 1,2,3,4,5,6 &amp;7)</b>	725,572 (global total) <i>Our 2023 third-party assured scope 3 emissions (baseline) serve as an estimate for 2024 emissions disclosures across all Kyndryl.</i>
<b>Total Emissions</b>	Scope 1+2 location (UK): 15,492.88 MT CO <sub>2</sub> e Scope 1+2 market (UK): 4,221.36 MT CO <sub>2</sub> e Scope 3 (Global): 725,572 MT CO <sub>2</sub> e

## Emissions reduction targets

Kyndryl is committed to reaching net-zero GHG emissions by 2040, which also includes UK operations. This includes our near-term commitment to reduce absolute scope 1, 2, and 3 GHG emissions by 50% by fiscal 2030 from our fiscal 2023 base year and a long-term net-zero goal by 2040. Within this near-term target, we committed to reducing absolute scope 1 and 2 GHG emissions by 75% by fiscal 2030 from our 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. In August 2024, the Science Based Targets initiative (SBTi) validated Kyndryl's net-zero science-based target (by 2040) and near-term science-based emissions reduction targets (by 2030). Kyndryl is committed to making absolute emission reductions in line with SBTi's guidance and requirements in the near- and long-term. This aligns with SBTi's guidance and requirements in both the near and long term and our goals are based on our market-based emissions.

Based on our operation strategy and decarbonization plan, we project that our scope 1 and scope 2-market-based emissions for UK will reduce from 3,101.82 MT CO<sub>2</sub>e to 775.46 MT CO<sub>2</sub>e (i.e., 75% reduction) by 2030. We also project that all of our purchased electricity for UK operations will be from renewable energy sources (i.e., 100% renewable energy). In future, as we are able to disaggregate global scope 3 emissions to a country level, we will include the emission reduction total for the United Kingdom.

## Carbon Reduction Projects

### Completed Carbon Reduction Initiatives

As we developed our net-zero goal, Kyndryl designed an emissions reduction plan and an integrated financial and emissions model that, together, detail the steps and actions needed to reach our goals. Our emissions reduction plan focuses on our internal emissions, primarily from our datacenter operations, as well as our value chain emissions. We continue to update and review this model and our GHG management program to best support our efforts. The environmental management measures that we have in place will be in effect over the coming years, including during the performance of contracts with Organisations in Scope of the PPN 06/21.

To accelerate progress toward our 2030 emissions reduction goals and achieve our 2040 net-zero goal, we are:

- Executing our datacenter transformation strategy
- Improving our energy efficiency
- Procuring our purchased electricity from renewable sources
- Engaging our supply chain
- Addressing employee commute emissions

We are increasing energy efficiency at the locations we operate through IT equipment modernization and refreshing, as well as consolidation and virtualization of IT workloads. We are also implementing cooling and airflow efficiency projects through AI and automation. In fiscal 2024, Kyndryl achieved nearly 19,000 MWh of energy efficiency savings, resulting in savings of approximately \$2.6 million. Additionally, as part of our commitment to both utilizing current technology and reducing our carbon footprint, we have worked to retire, consolidate and replace older, energy intensive mainframes with newer, more energy efficient technology in our datacenters. This helps us meet our environmental goals while improving infrastructure environments for our customers. The approximate carbon savings achieved from our upgrades is 3,500 mtCO<sub>2</sub>e, equivalent to the GHG emissions produced from over 800 gasoline-powered

passenger vehicles driven for one year.

Kyndryl has established one of the largest datacenter portfolios accepted into the EU Code of Conduct for Energy Efficiency in Data Centres (EU CoC). This voluntary initiative was launched in 2008 with the goal of improving datacenter energy efficiency as the sector's energy consumption grows. The guidelines outlined in the EU CoC form the basis of the regulatory requirements of the EU's Energy Efficiency Directive, exemplifying Kyndryl's early commitment to this space. For our datacenters accepted into the initiative — which span across and beyond the EU — we calculated a weighted average power usage effectiveness (PUE) of 1.7 in fiscal 2024. Overall, our datacenters had a weighted average PUE of 1.8 in fiscal 2024.

To responsibly and proactively manage its environmental, energy and climate impacts, Kyndryl Holdings has implemented a global Environmental and Energy Management System (E&EnMS) that applies to all Kyndryl subsidiaries to assess the full scope of its operations and activities. Kyndryl built its E&EnMS holistically and in collaboration with teams across the company to focus on its significant environmental aspects and energy uses. In fiscal 2024, Kyndryl obtained global ISO 14001 and 50001 certifications for its E&EnMS <<https://www.kyndryl.com/us/en/compliance/certifications>>.

In 2023, Kyndryl received a 'B' score for our CDP Climate Change Questionnaire, above both industry and global averages <<https://www.cdp.net/en/responses?queries%5Bname%5D=kyndryl>>. Kyndryl completed its second CDP questionnaire in September 2024 and is waiting for our score.

Kyndryl is a member of the Responsible Business Alliance (RBA). The RBA is a nonprofit industry group that helps manufacturers support continuous improvement in the social, environmental and ethical responsibility of their supply chains. Kyndryl requires our suppliers to adhere to the RBA Code of Conduct <<https://www.responsiblebusiness.org/code-of-conduct/>>, which contains environmental requirements as well as provisions on labor, health and safety, ethics, and management systems.

## Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard<sup>1</sup> and uses the appropriate Government emission conversion factors for greenhouse gas company reporting<sup>2</sup>.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard<sup>3</sup>.

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<sup>1</sup> <https://ghgprotocol.org/corporate-standard>

<sup>2</sup> <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

<sup>3</sup> <https://ghgprotocol.org/standards/scope-3-standard>

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signature:

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*David Pearson*  
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Date: 17-Dec-2024 | 4:50 AM PST

