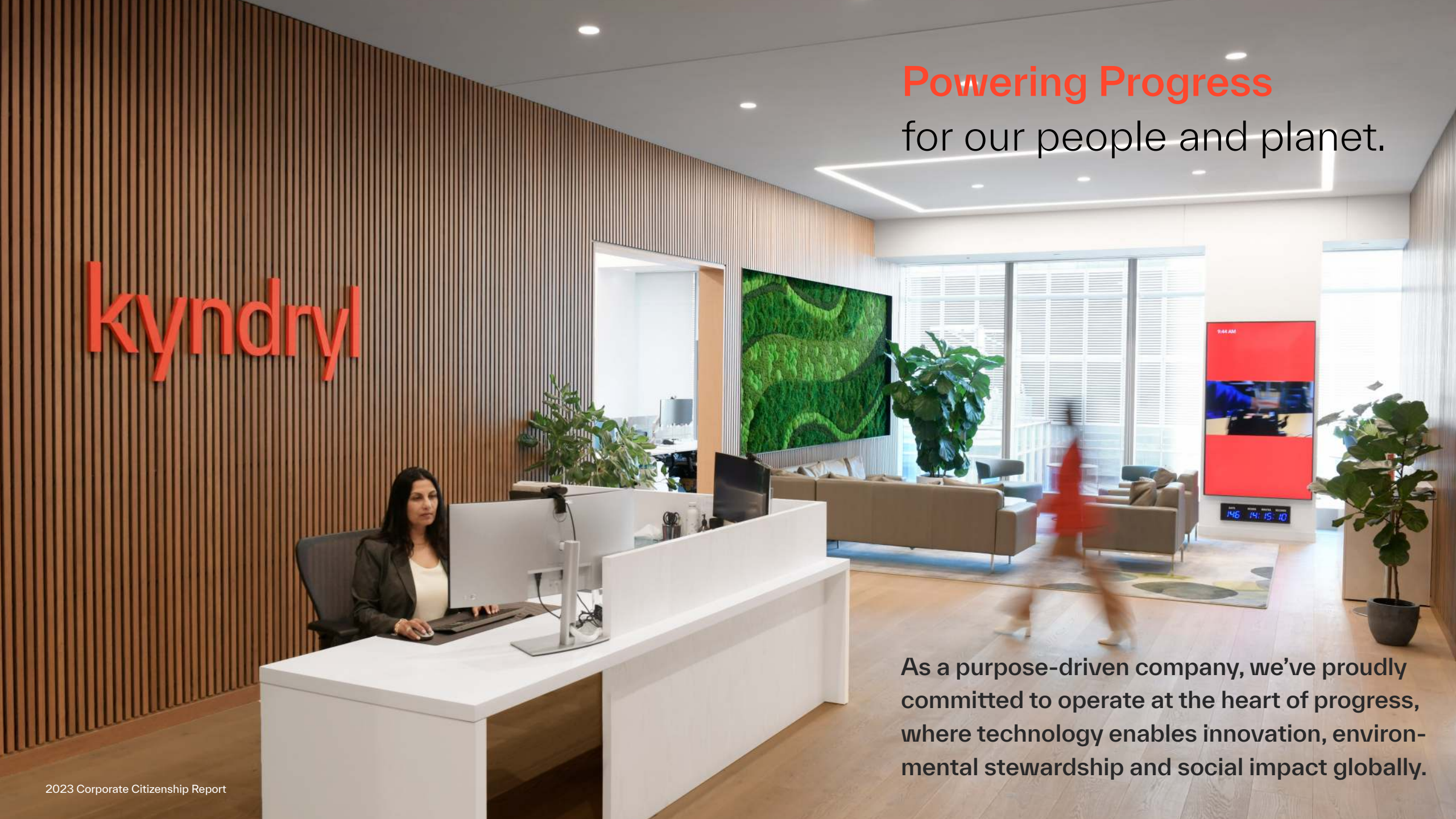
kyndryl

Fiscal Year 2023
Corporate Citizenship Report

Powering Progress for the Future

The Heart of Progress.



Powering Progress for our people and planet.

As a purpose-driven company, we've proudly committed to operate at the heart of progress, where technology enables innovation, environmental stewardship and social impact globally.

“At Kyndryl, we’re embracing environmental stewardship, fostering social inclusivity and promoting good governance practices.”

– Martin Schroeter

Dear Fellow Stakeholders,

From its inception, Kyndryl has maintained an intense focus on reimagining and redefining what it means to be a managed technology services company. We design, build, manage and modernize the mission-critical systems that the world depends on every day. As we navigate an ever-changing global economy that poses new and complex challenges for our customers, our communities and the planet, we recognize our responsibility to foster sustainable practices, support our people and our communities, and uphold ethical governance. As a purpose-driven company, we’ve proudly committed to operate at the heart of progress, where innovation, environmental stewardship and social impact converge.

This report — our first as an independent company — reflects our commitment and demonstrates our dedication to creating a legacy that drives business growth and accountability for long-term societal impact.

Our environmental strategy focuses on reducing emissions related to our business. Notably, we committed to achieving a 50% reduction in our greenhouse gas (GHG) emissions in just seven years, by 2030. Our aim is to achieve net zero emissions by 2040. To get there, our environmental sustainability roadmap focuses on emission cuts throughout the value chain, which means tracking and tackling not just the emissions we control directly, but also indirect emissions such as those from our suppliers. Kyndryl has set a goal to expand renewable energy across our portfolio, with the aim of achieving 100% renewable energy by 2030.

Our people and social strategy focuses on creating a diverse and highly skilled workforce with the underlying goal of becoming an employer of choice. We have worked to build a strong, services-led culture that is foundational to our business. We are empathetic, devoted and restless in how we engage with one another, our customers and our communities. These cultural traits are grounded in what we call The Kyndryl Way, which serves as a North Star for our efforts to ensure greater Inclusion, Diversity and Equity (ID&E) throughout our culture. Ingrained in our culture is a responsibility to make positive impacts in the communities where we live and work.

Our trust and governance strategy focuses on maintaining a world-class, diverse Board of Directors, and helps to ensure our employees operate ethically every day. We’ve also taken important steps toward setting rigorous practices around data privacy and protection, to drive greater cyber resilience and to meet local and global compliance guidelines.

At Kyndryl, we’re embracing environmental stewardship, fostering social inclusivity and promoting good governance practices. As we reflect on our achievements in our first full fiscal year, we are dedicated to improving and inspiring others to join us on this transformative journey. Through our commitment to community engagement and the highest ethical standards, we have taken important steps in driving positive change. Together, we can build a world where a thriving economy coexists with a thriving planet, leaving a legacy for generations to come.

Sincerely,

Martin Schroeter
Chairman and Chief Executive Officer

Contents

Powering Progress for Our Business

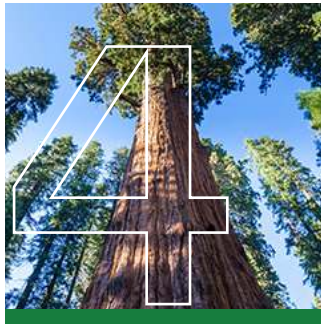
Executive Summary
Introduction to Our Business
Our ESG Framework
Fiscal Year 2023 ESG Achievements
Alignment to Global Standards
Stakeholder Engagement
Innovation

Powering Progress for the Environment

Managing Climate Risk
Managing System Performance
Preferred Customer Service Provider
Driving Market Differentiation
Responsible Supply Chain

Powering Progress for Our People and Communities

Our Culture: The Kyndryl Way
Inclusion, Diversity and Equity
Building Our People Systems
Competitive Rewards
Responsibility to Community



Powering Progress for Trust

Our Approach
Accountability
Operating with Integrity
Our Approach to Advocacy and Public Policy

Data Book

Methodology & Independent Assurance Statements
Key Performance Indicators
TCFD Framework
SASB Disclosure
GRI Content Index
CDP Questionnaire
Global Partnerships

This is the first annual Corporate Citizenship Report of Kyndryl Inc. (KD), which covers the fiscal year 2023 (April 1, 2022, to March 31, 2023) with exceptions where noted. This report articulates Kyndryl's sustainability strategy based on recognized international standards and frameworks—including Sustainable Accounting Standards Board (SASB), Global Reporting Initiative (GRI), Task Force on Climate-related Financial Disclosures (TCFD) and the United Nations Sustainable Development Goals (SDGs). The content of this report covers all Kyndryl subsidiaries. The scope of the emissions data in this report was determined using the operational control approach in line with the Greenhouse Gas Protocol. We have engaged third parties to provide limited assurance over certain greenhouse gas (GHG) emissions metrics. For more details, please see the Environmental section of this report. All calculations are based on U.S. dollars. This report contains "forward-looking statements."

1 Powering Progress for Our Business

In this section

Executive Summary
Introduction to Our Business
Our ESG Framework
Fiscal Year 2023 ESG Achievements
Alignment to Global Standards
Stakeholder Engagement
Innovation

Executive Summary

Kyndryl is at the heart of progress for a better future.

At Kyndryl, we are powering human progress to drive success in our business, and we apply this principle to how we approach our Environmental, Social and Governance (ESG) strategy. In our first full fiscal year, we've focused on building our governance structure, developing policies and programs that motivate people, and embedding best practices into our operations and culture. We believe that by ensuring our business operations align to positive outcomes for society and the environment, we can create a sustainable future.

In this report, we present our commitment to ESG, the diversity of our programs spanning multiple businesses and the ways we drive engagement within our global communities. Stemming from our services-led culture—The Kyndryl Way—our core ESG principles are to innovate ESG solutions; to serve, govern and report with trust and transparency; and to be devoted and responsible to local and global shared success.

As the world's largest IT infrastructure services company, we have approximately 90,000 professionals serving thousands of enterprise customers in over 60 countries, with $17 billion in revenue in fiscal year 2023, which ended March 31, 2023. We provide a range of IT and IT-enabled services around cloud solutions, core enterprise and zCloud services, applications, data and artificial intelligence, digital workplace, security and resiliency, and network and edge—supporting our customers through technological change. As our business continues to grow and develop, we aspire to scale our ESG impact through our strong foundation of services that has been recognized with a silver certification by EcoVadis, placing us in the top 25% of participating companies.

We monitor the business and socio-economic landscape through an enterprise risk management process that includes ESG. In our first year, we have focused on managing climate and environmental risks by establishing our 2040 net zero GHG emissions goal, educating and training our employees, and building customer solutions. Further, we have developed policies and reports to demonstrate our alignment with key frameworks and regulations, as well as built our supplier program to be aligned with industry best practices.

Our approach to our workplace consists of empowering Kyndryls to advance their careers through ongoing training and upskilling. We have been driving internal and external innovation programs, managing risks as well as engagement with our customers to develop and implement technological and ESG solutions. Inclusion, Diversity and Equity is critical to our success, and we have developed over 70 diverse Kyndryl Inclusion Networks (KINs) worldwide. Our corporate social responsibility program is focused on volunteerism and driving positive community impact at scale.

Our ESG governance program is built on a foundation of ethics and values, and is focused on furthering trust, accountability and operating with integrity. From our Board of Directors to global locations, we are building and implementing processes to manage our risks and meet our ESG goals. We have implemented Kyndryl's Code of Conduct, Human Rights, Cybersecurity and Data Privacy policies to educate and communicate our progress. We believe that by disclosing our progress and having a culture of transparency, it enables us to meet the demands of today and for the future.

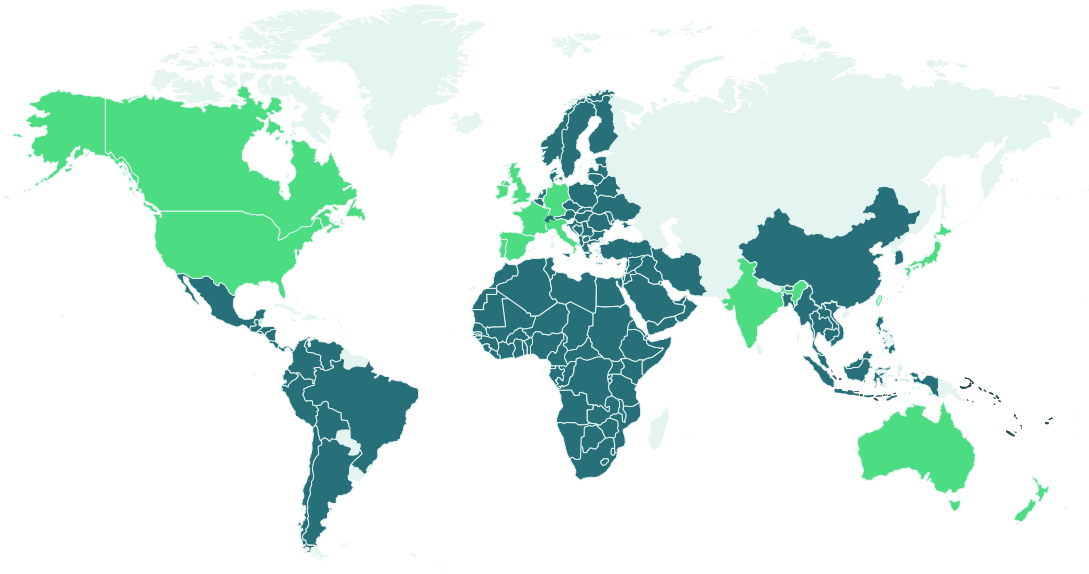
Kyndryl at a Glance

87%

of Kyndryls feel they can be themselves at work

~90,000 employees

Thousands of customers across 60+ countries



Fiscal year 2023 revenue by segment ($ in millions)

Strategic Markets	United States
$3,840	$4,726
Principle Markets	Japan
$5,957	$2,502

Our reportable segments correspond to four reportable segments that consist of the following:

United States
This reportable segment is comprised of Kyndryl's operations in the United States.

Japan
This reportable segment is comprised of kyndryl's operations in Japan.

Strategic Markets
This reportable segment is comprised of our operations in all other countries in which we operate.

Principle Markets
This reportable segment rep-resents the aggregation of our operations in Australia/New Zealand, Canada, France, Germany, India, Italy, Spain/Portugal, and the United Kingdom/Ireland.

Source: 2023 annual report on Form 10-K, filed May 26, 2023.

Our Fiscal 2023 Business Highlights

Solidifying IT Leadership Position

$17B

Fiscal 2023 Revenue

Strong Investment-Grade Balance Sheet

$1.8B

Cash

$5B

Liquidity

Introduction to Our Business

About Us

Kyndryl is the world's largest IT infrastructure services provider, serving thousands of enterprise customers in more than 60 countries. The Company designs, builds, manages and modernizes the complex, mission-critical information systems that the world depends on every day.

Building a Winning Culture Through The Kyndryl Way

We made great strides in our cultural transformation, building a culture that is service-oriented and flat, fast and focused on Kyndryl's and our customers' success.

Significant Progress on Our Three-A Initiatives

To accelerate our company's transformation, we are aggressively executing on our *three-A* initiatives — Alliances, Advanced Delivery and Accounts. We believe our implementation of these strategic priorities will enhance the services we provide to our customers and will make significant positive contributions to our financial performance.

Alliances

Driving signings, certifications and revenues with our new ecosystem partners and capabilities

Advanced Delivery

Transforming service delivery through up-skilling and automation

Accounts

Addressing elements of the business with substandard margin

Engaging with Customers with New Innovations and Technical Expertise

kyndryl vital

Design-led co-creation

Redefining how we **engage and co-create** with customers on new **innovative solutions** through a design-led approach

kyndryl bridge

An open integration platform

Giving our customers **real time insights** into their complex IT estates and **unprecedented control over customizing** their mission-critical operations

kyndryl consult

Business outcomes-led consulting

Providing our customers access to **proven expertise** to address their most vexing technology challenges

Our Global Business Practice Areas

Cloud

Deliver seamless, integrated, multi-cloud management

Core Enterprise & zCloud

Provide secure, unified and fault-tolerant mainframe services for our customers' infrastructure

Digital Workplace

Enhance user experience and work location flexibility by providing a consumer experience to employees

Applications, Data & AI

Provide full application platform hosting and expert assistance for application modernization

Network & Edge

Provide unified network services for cloud and data center connectivity

Security and Resiliency

Deliver full line of cybersecurity, business continuity and disaster recovery services to help customers continuously adapt to new threats and regulatory standards

Our ESG Framework

Our "*Powering Progress for the Future*" report focuses on Kyndryl's aim to be a purpose-driven organization that delivers value to our stakeholders. Kyndryl is focused on economic, social and environmental strategies that harness our highly skilled workforce and the industry's latest technologies. Every day, we work toward creating a sustainable and inclusive future by driving practices and positive social impact at scale. We set goals to hold ourselves accountable for progress across our businesses, operations and supply chain. Our goals are aligned with the United Nations Sustainable Development Goals (SDGs), industry frameworks and best practices.

reduction in GHG emissions by 2040

In our first year, we committed to continuously evolving our strategy to make sure it aligns with best practices, the latest climate science and regulations. Our ESG framework is defined as the following:

Environment, which is our sustainability program focused on reducing environmental impacts and helping our stakeholders meet regulatory, customer and investor requirements;

People, which focuses on our talent including culture, skill development, employee engagement, inclusion, diversity and equity as well as corporate social responsibility community focused programs; and

Trust, which focuses on our governance program and how we build integrity and value across our interactions with employees, investors, governments, customers and nonprofit organizations.

This ESG framework is a roadmap to help us achieve our goals and commitments.

"We built our ESG program into the foundation of our company because we understand and care about the global impact we can make to our communities and environment to deliver an inclusive and sustainable future."

Faith Taylor
Chief Sustainability and ESG Officer

Fiscal Year 2023 ESG Achievements

At Kyndryl, we are powering human progress to drive success in our business, and we apply this same principle to how we approach our Environmental, Social and Governance strategy. In just our first full fiscal year, we've focused on promoting policies, programs and practices that motivate people, embedding ESG best practices into our operations and culture. We believe that by ensuring our business operations align to positive outcomes for society and the environment, we can create a more sustainable future for all. As our business continues to grow and develop, we aspire to continue to scale our ESG impact through the strong foundation we have already laid in our first full fiscal year.

ESG Domain	Highlight	
Environment	• Committed to net zero emissions by 2040 and set near-term targets to reduce emissions and adopt renewable energy • Developed scope 1, 2 and 3 greenhouse gas baseline and inventory, including an integrated financial and emissions model to meet our net zero goals • Committed to validating our net zero targets through the Science Based Targets initiative (SBTi) to ensure alignment with climate science	• Launched Green Guild, an employee network to support the co-creation of sustainability solutions for our customers • Launched sustainability training for employees to support our goals and further supported our Carbon Literacy education program receiving bronze certifications • Developed responsible purchasing/supplier program using the leading industry programs
Social	• Improved employee engagement score 3.4 points to higher than industry benchmarks • Achieved 78% participation rate in our Annual Engagement Survey • Earned Empathy & Inclusion Index score near best-in-class — 6 points above industry average–demonstrating strong inclusion practices • Increased Kyndryl Inclusion Networks (KINs) from 5 to 70+ globally to support an inclusive, equitable culture	• Updated job posting policy to provide Kyndryl's employees greater internal job movement and visibility into company-wide job postings • Engaged 25K+ Kyndryl employees in giving and volunteering • Launched Human Rights Policy to support safe and sustainable operations • Refined fundamental policies committing to Equal Opportunity Employment, Workforce Diversity & Inclusion, and Non-discrimination and Harassment
Governance	• Reached 100% completion rate for Kyndryl Code of Conduct training for second consecutive year for eligible employees • Annual cybersecurity and data privacy training available to all employees • 50% of Board Members are gender, racially and/or ethnically diverse	• Adopted ESG goals as part of the Annual Incentive Plan for executive compensation • Established Kyndryl Trust Center to highlight commitment to safe and secure operations

Alignment to Global Standards

To foster accountability with our stakeholders, Kyndryl aligns its ESG program to the United Nations' 17 Sustainable Development Goals (SDGs). Kyndryl's community and sustainability programs are aligned to the below SDGs.

Our company discloses our ESG performance in line with industry best practices, frameworks and standards in our Data Book found at the end of this report. This includes the Sustainability Accounting Standards Board (SASB) Standards, the Task Force on Climate-related Financial Disclosures (TCFD) report and aligns to the Global Reporting Initiative (GRI), which helps highlight the company's broader impacts on the environment, economies and society. We also submitted our first CDP (formerly Carbon Disclosure Project) Climate Change questionnaire, a report that outlines our environmental performance.

Kyndryl received an EcoVadis Silver rating in our first full fiscal year, placing us in the top 25% of all participating organizations and the top 15% of companies in our industry. As an IT managed services company, our energy needs are among the highest in the computer programming, consultancy and related activities industry—so we are especially proud that Kyndryl's environmental score was in the top 9% of companies rated by EcoVadis in our category.

"We established our program to demonstrate our commitment to solving global issues aligned with the United Nations Sustainable Development Goals and industry frameworks. We are proud of our Silver recognition by EcoVadis for our ESG performance. It reflects our culture, how we enable our stakeholders and associates to make both an immediate and long-term impact for good."

Una Pulizzi
Global Head of Corporate Affairs and ESG Chairperson

SILVER 2023 ecovadis Sustainability Rating

Kyndryl's Silver rating demonstrates our dedication to upholding high standards of sustainability and responsible practices throughout our operations.

United Nations Sustainable Development Goals

The 2030 Agenda for Sustainable Development provides a global blueprint for dignity, peace and prosperity for people and the planet, now and in the future.

Stakeholder Engagement Overview

We commissioned a comprehensive Materiality Assessment,[1] which has guided our approach to our priorities, in consideration of industry best practices and standards. Our assessment highlighted numerous priorities for Kyndryl: cybersecurity and data privacy, talent management including ID&E, management of greenhouse gas emissions and climate risks, human rights, product management of accessibility, affordability and universal needs, business model innovation, business ethics, community engagement, transparency in reporting, occupational health and safety, supply chain environmental and resilience management, responsible legal and regulatory engagement, supplier diversity, water management, and waste management. We will continue to monitor, reassess and prioritize our requirements to meet regulatory and ongoing stakeholder requirements.

[1] Materiality, as used in this report is distinct from, and should not be confused with, such terms as defined for SEC and other financial reporting purposes. Materiality assessments refer to the process by which companies identify and prioritize the urgency of various sustainability topics to their company. The inclusion of information or the absence of information in this report should not be construed to represent the Company's belief regarding the materiality of the information for SEC or other financial reporting purposes.

Stakeholder Engagement

Key Stakeholders	
Customers	Kyndryl works with our customers to meet their supplier ESG expectations and support their own ESG goals. We leverage our position as the world's largest IT infrastructure company to provide services to drive energy efficiency and cybersecurity.
Investors	We engage with our shareholders to ensure their understanding of our business strategy and its alignment to our policies and practices around governance, human capital, environmental sustainability and cybersecurity. We seek their input and feedback to remain well-informed regarding their perspectives.
Employees	We invest heavily in employee development and fostering a culture of belonging and inclusion, diversity and equity. Through initiatives such as our Annual Engagement Survey, we regularly seek feedback from Kyndryls on how we are delivering on our aim to be an employer of choice.
Suppliers	Diversity, business ethics, environmental sustainability and human rights are key components of our supplier selection, onboarding and engagement processes. We joined the Responsible Business Alliance to maintain alignment and shared progress with our suppliers on ESG industry standards.
Partners	We collaborate with our strategic alliance partners on shared ESG goals to enable sustainable and inclusive digital transformations for our customers.
Communities	Kyndryl is committed to maximizing our positive impact on the global communities where we operate. Through company-wide and country-level initiatives, we support our communities across three CSR priority areas: Future-Forward Education, Climate Action and Inclusive Economies.

Innovation

Being at the heart of our customers' progress, we innovate — and seek the best outcomes for our customers as they drive their digital transformations to meet ESG and other market demands. We work with our vast ecosystem of alliance partners as we relentlessly push to seek solutions, create opportunities and solve challenges.

We strive to be a leader in the industry by continuously investing in Kyndryls and our technology, and by expecting adherence to strict policies and procedures that help ensure the highest level of ethical conduct.

Building a Culture of innovation

Our team is dedicated to creating a "restless to power the future" culture that thrives on innovation. In our first year, we launched our inaugural class of Distinguished Engineers and Designers. This program recognizes exceptional technical professionals and their groundbreaking contributions in service to our customers in the fields of engineering, programming, infrastructure services, cyber resilience and technical design. The Kyndryl honorees have demonstrated significant contributions toward solving industry-wide challenges and enabling customer innovation and success. Together, they represent the values and expertise that Kyndryl offers within and beyond our company to continuously transform the businesses and communities we serve through ongoing advancements, developments and research in their respective fields. Kyndryl's Distinguished Engineers and Designers Program now comprises more than 100 Kyndryls worldwide. Additionally, we launched our Kyndryl Green Guild, comprising several hundred Kyndryls across the company, to innovate a portfolio of quality, scalable and repeatable sustainable business offerings for our customers.

3,000
Patents

100+
Distinguished Engineers & Designers

"The technologies we deploy are critical, but how we deploy them is where the magic happens. These leaders are the orchestrators of that magic. Each exemplifies the values we prize most — driving technical advancements that put Kyndryl at the heart of progress for our customers and the essential work we do to run their operations in the most modern and secure way."

Antoine Shagoury
Chief Technology Officer

Intellectual Property

Kyndryl possesses a significant intellectual property portfolio with over 3,000 patents that are related to our business model. We believe this is important to our success, however, our business as a whole is not materially dependent on any particular intellectual property right or any particular group of patents, trademarks, copyrights or licenses.

We rely on intellectual property protections in the countries in which we operate, along with contractual restrictions, to establish and protect our offerings and services and other applicable rights. In addition, we license third-party software and other technologies that are used in the provisioning of — or incorporated into — some elements of our services.

Stakeholder Innovation

Our approach to innovation spans three categories: Kyndryl-led innovation, fostering the growth of purpose-driven start-ups and co-innovation with alliance partners and customers.

Kyndryl-Led Innovation

Innovation to Kyndryl is not just about new technology. It is about our people, our processes, our planet and our purpose. It is about the positive contributions we make to our economies and our communities.

In our first year, we launched three innovation-led initiatives to help deliver greater business outcomes for customers: Kyndryl Bridge, Kyndryl Vital and Kyndryl Consult.

Fostering Growth of Purpose-Driven Start-Ups

Kyndryl Access Point promotes new innovation led by start-ups with a strong commitment to the UN SDGs. It fosters the adoption of new technologies and solutions that promote smarter operations.

We also created the **Kyndryl Innovation Guild**, which brings together Kyndryls who are interested in making a positive impact on the world. This cross-functional, global group operates with the purpose of driving innovation that brings together the Guild to create a more sustainable quality of life that benefits everyone.

Co-Innovation with Alliance Partners

Kyndryl continues to expand relationship with our alliance partners to drive innovation that solves customers' biggest business challenges. Examples from fiscal year 2023 include:

Kyndryl and Nokia announced the launch of a partner innovation lab in Raleigh, North Carolina, to bring advanced wireless connectivity and edge computing to customers.

Kyndryl and Microsoft launched a joint innovation lab to rapidly develop and bring to market new solutions built on Microsoft Cloud. Since then, technical experts from Kyndryl and Microsoft continue to develop new ways to deliver high-growth technologies to customers in a safe and responsible manner.

2 Powering Progress for the Environment

In this section

Managing Climate Risk and Environmental Operational Efficiency

Managing System Performance and Regulatory Compliance

Being a Preferred Customer Service Provider

Driving Market Differentiation

Responsible Supply Chain Management

Building Towards an Environmentally Sustainable Future

Kyndryl's commitment to environmental sustainability is a fundamental part of how we are strengthening our business operations.

As the world's largest provider of IT infrastructure services, with a presence in over 60 countries, we recognize the impact we have on the environment and our responsibility to minimize our greenhouse gas (GHG) footprint and promote sustainable practices. We also recognize that our ability to deliver best-in-class sustainable practices, services and products is a competitive advantage at a time when our largest customers and partners are focused on building their own sustainability strategies. Kyndryl's corporate environmental sustainability policy outlines our commitment and anchors our goal of becoming a sustainability leader across all business activities, products and services.

From committing to reach net zero GHG emissions to educating our people on sustainability, Kyndryl is dedicated to ensuring a culture to drive positive environmental impact at scale.

The management of Kyndryl's environmental sustainability program is focused on four strategic priorities. These priorities were established in alignment with the United Nations Sustainable Development Goals (SDGs), Kyndryl's business imperatives and our stakeholders' needs.

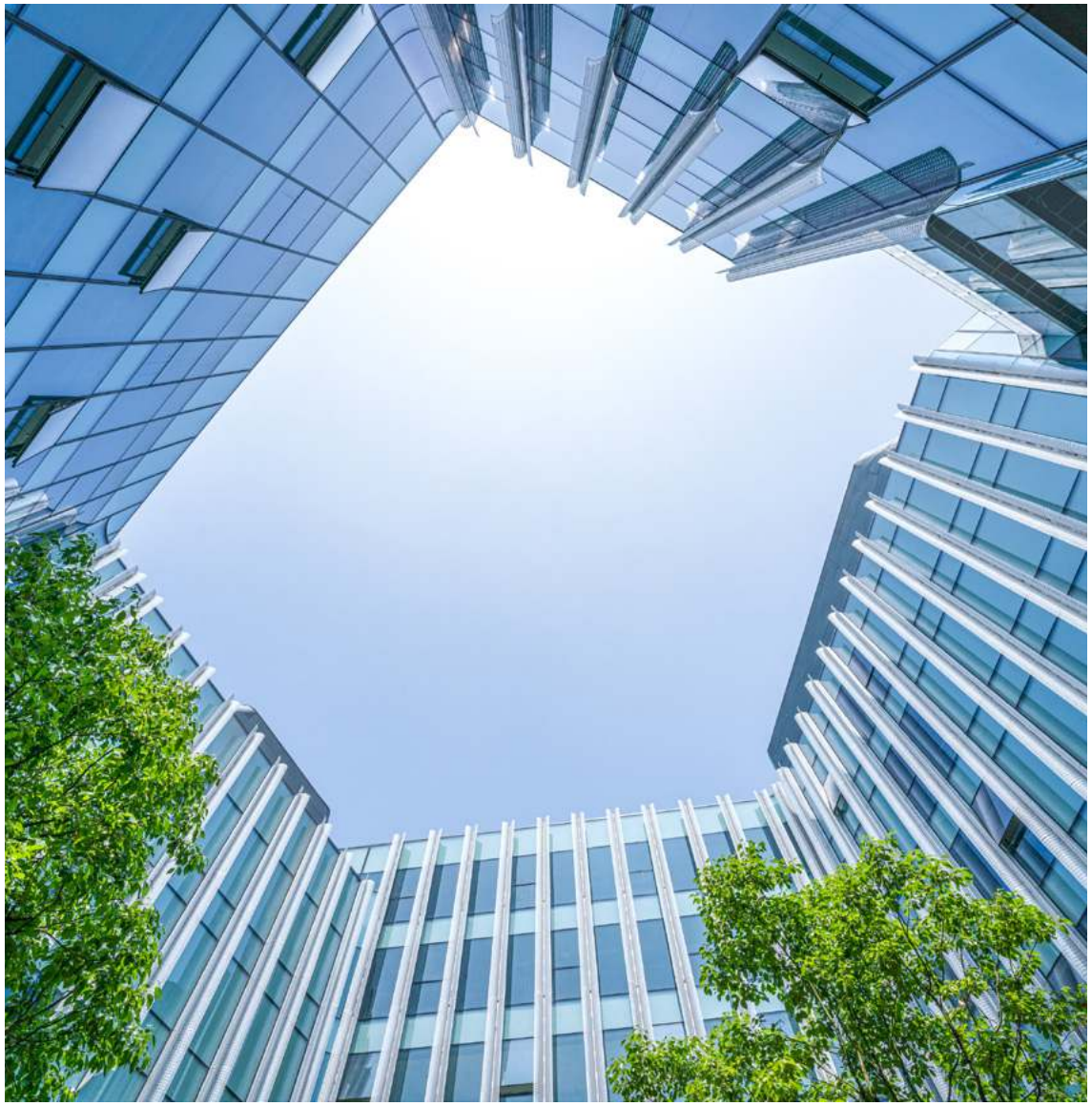
Managing Climate Risk and Environmental Operational Efficiency

Managing Climate Risk

At Kyndryl, we consider environmental and climate-related risks to be material concerns that warrant meaningful action.

To understand Kyndryl's climate risk, we conducted a physical risk assessment by analyzing asset-specific current and emerging climate hazards across key business-critical facilities that align with our organizational boundaries and footprint. We also conducted a transitional risk assessment to identify potential policy, regulatory, market and reputational impacts across our business and operations. For more on these assessments, please refer to Kyndryl's Task Force on Climate-related Financial Disclosures (TCFD) report.

To address our operational climate risk, Kyndryl developed a GHG inventory management plan using software to track, measure and manage our program and outline roles and responsibilities across the enterprise. We also worked with key functional areas to address climate risks in our supply chain. We continue to improve this process to reflect ongoing changes in standards, frameworks and regulations.



Our Chief Sustainability and ESG Officer leads Kyndryl's Global Sustainability Group and is responsible for advancing our overall direction and execution of sustainability-related initiatives. Under the Global Sustainability Group's direction, environment and climate change-related risks were prioritized within our Enterprise Risk Management (ERM) program. Kyndryl's environmental sustainability program established a process for managing environmental and climate-related risks. We developed our Climate Action Plan alongside our ERM processes to ensure we have appropriate resource allocation and regular internal reporting on environmental risk management. For more on our ERM program, see the Trust section of this report.

"We made strong sustainability commitments at the inception of our company, and we're taking steps to transform and optimize our own energy usage. From consolidating IT workloads, data center optimization, reducing real-estate footprint, and leveraging cloud technologies to working with our suppliers, we are ensuring we meet our environmental commitments aligned with our business strategy."

Harsh Chugh
Chief Operating Officer and Executive Sponsor of the Global Sustainability Council

Achieving Net Zero Greenhouse Gas Emission

Along with climate risk and resilience, GHG reduction and operational efficiency were identified as key material environmental topics for business success and for our stakeholders.

In December 2022, Kyndryl announced our commitment to achieve:

Net Zero GHG Emissions by

2040

On our path to net zero, we also committed to the following near-term goals:

Kyndryl's net zero goal aligns with the scientific recommendations of the United Nations Intergovernmental Panel on Climate Change (IPCC) to reach net zero global GHG emissions by 2050 to limit global warming to 1.5 degrees Celsius. Our net zero commitment includes absolute reductions across scope 1, 2 and 3 emissions. We have set our targets to align with the Science Based Targets initiative (SBTi), and in April 2023, we announced our formal commitment to validating our GHG emission reduction targets through the SBTi Net Zero Standard. Following SBTi's guidance to ensure consistency with our intended reduction methods, our goals are based on our market-based emissions.

Our 2030 Targets

75%

reduction in scope 1 and scope 2 GHG emissions

50%

reduction in overall GHG emissions, including scope 3, across our global enterprise

100%

of purchased electricity to be obtained from renewable sources

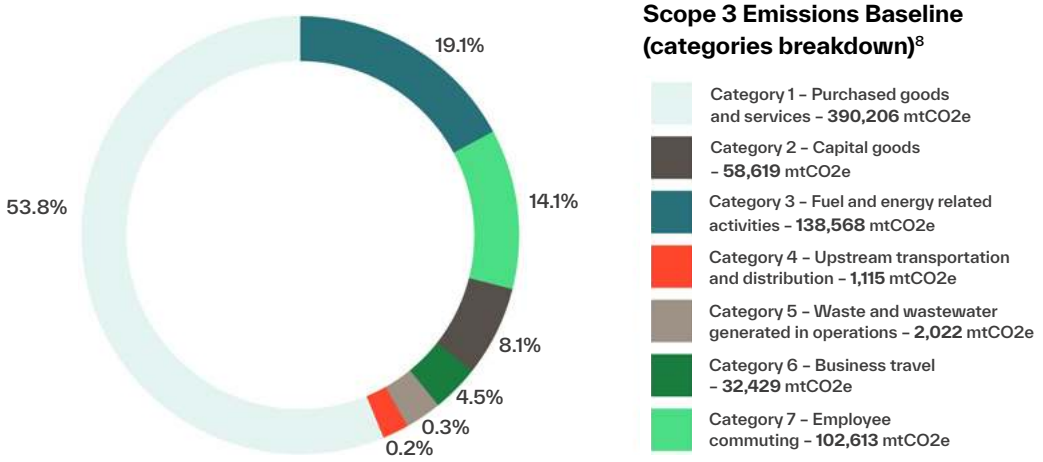
GHG Emissions Baseline	mtCO2e[2]	% of Total Emissions[3]
Scope 1 GHG emissions[4]	37,000	3.6%
Scope 2 GHG Emissions (location-based)[4, 5]	399,000	-
Scope 2 GHG Emissions (market-based)[4, 5]	281,000	26.9%
Scope 3 GHG Emissions	725,572	69.5%
Total Emissions (location-based)	1,162,070	-
Total Emissions (market-based)	1,043,900	100.0%
Scope 1 & 2 (market-based) Emissions Intensity (mtCO2e/Million USD FY 2023 revenue[6])	18.7	

Energy Consumption Baseline[4]	Quantity
Scope 1 Total Energy	174,664 MWh
Scope 2 Total Energy	1,495,792 MWh
Purchased Electricity	1,442,478 MWh
Total Percentage Grid Electricity	86%
Total Percentage Renewable Electricity	51%
Energy Intensity (Total Energy/FY 2023 revenue[6])	98.1 MWh/Million USD

Operational Footprint

We conducted extensive groundwork to develop our 2040 long-term and 2030 near-term net zero emissions goals, starting with calculating our GHG footprint to establish our baseline emissions levels for our fiscal year 2023 (April 1, 2022, to March 31, 2023).

Our baseline inventory includes scope 1, scope 2 and applicable scope 3 emissions associated with carbon dioxide, methane, nitrous oxide and hydrofluorocarbons.[7] To promote the accuracy and integrity of our reporting, we engaged PricewaterhouseCoopers LLP to perform a limited assurance engagement on certain scope 1 and scope 2 GHG emissions metrics, and ERM Certification & Verification Services Incorporated (ERM CVS) to perform a limited assurance engagement on certain scope 3 GHG emissions metrics. Refer to our Data Book for Kyndryl's respective assurance reports and more details on our methodology and our calculations used below.



[2] mtco2e = metric tons of carbon dioxide equivalent

[3] Total emissions reference the summation of scope 1, scope 2 market-based and scope 3 emissions.

[4] Includes owned sites, leased sites, serviced sites (only the portion of electricity required to support the Kyndryl IT load), sites with transition service agreements (TSA) from our spin-off structure, and for scope 1 only, US-based owned vehicles; see here for more details on emissions definitions, calculations and methodology.

[5] From the GHG Protocol Scope 2 Guidance: Location-based method reflects the average emissions intensity of grids on which energy consumption occurs while the market-based method reflects emissions from electricity that companies have purposefully chosen.

[6] Kyndryl's FY 2023 revenue can be found on page 30 of our 2023 annual report on Form 10-K

[7] Emissions related to other GHGs were not emitted in Kyndryl business operations.

[8] See Data Book for more details on scope 3 categories. Emissions from category 8 (Leased assets) were included in scope 2 and scope 3 categories 1 and 2, and emissions from category 12 (End-of-life treatment) were accounted for in category 5.

GHG Emission Reduction Pathway

To achieve Kyndryl's commitment to net zero emissions by 2040, actions we are taking include:

- Consolidating and modernizing legacy real estate and data center footprints, ensuring that the utilization of our real estate portfolio is optimized.
- Managing energy efficiency at our locations to optimize our energy consumption through IT equipment refreshing, consolidation and virtualization of IT workloads, and cooling and airflow efficiency projects.
- Increasing our renewable energy use and exploring alternative fuel options to reduce reliance on fossil fuels at our facilities.
- Building out a roadmap for scope 3 emissions, which includes evaluating and engaging with suppliers and alliance partners to facilitate sustainable practices and encouraging many of our largest suppliers to commit to their own net zero goals.
- Educating and engaging with Kyndryls on our net zero strategy.

To further understand the significance of our net zero commitment and the strategies we need to meet our targets and goals, we developed an integrated GHG and financial forecasting model. This model shows the impact that future business and sustainability strategies may have on our GHG reduction commitment.

Energy Efficiency

Kyndryl is committed to energy conservation and energy management across our organization. We do this by conserving energy, procuring energy-efficient products and services, and improving energy efficiency where it makes sense from a business and environmental perspective.

Approach to Energy Efficiency in Data Centers

As of the date of this report, Kyndryl's global data center portfolio consists of over 230 data centers in 54 countries. We have a comprehensive approach to managing the environmental considerations of data centers. Our strategies include aligning to our business strategy to modernize and consolidate our infrastructure as well as:

- Measuring and optimizing data center power usage effectiveness (PUE)[9]
- Virtualizing IT hardware to facilitate more work or storage per MWh of energy use
- Increasing use of renewable energy
- Improving cooling and airflow efficiency through software, artificial intelligence (AI) and automation tools
- Refreshing and modernizing hardware

We calculated our 2022 weighted average PUE to be 1.8. For our data centers accepted into the EU Code of Conduct for Energy Efficiency in Data Centers (more details in 'Data Center Awards' section below), the weighted average for this same period is 1.7. Our ongoing efforts to consolidate and shift IT workloads to more modern data centers will help us improve our PUE over time. Since Kyndryl's launch in 2021, we have reduced our data center energy consumption by over 16,000 MWh (equivalent to almost 6,000 mtco2e) through over 350 projects, resulting in cumulative savings of $4 million.

[9] Power usage effectiveness (PUE) is the total energy consumed by the data center divided by the energy consumed by the IT equipment. The closer the value is to 1, the more energy efficient the data center and its cooling delivery are.

Renewable Energy

We aim to ensure the responsible use of energy throughout our business by giving preference to renewable energy sources where it makes sense from a business and environmental perspective. In fiscal year 2023, 51% of the electricity consumed across our global operations came from renewable sources. The determination of our renewable energy sources and percentage is aligned with guidance from RE100, which is considered an industry best practice. We are making progress toward our goal of achieving 100% renewable energy by 2030 by:

- Committing resources to developing a renewable energy sourcing strategy that provides additional impact and flexibility to business plans, manages risk and is financially sound.
- Aligning our energy purchasing programs with SBTi.
- Establishing a baseline of renewable energy purchasing.

In addition, we enable the annual generation of 18,000 MWh of solar energy through three solar arrays installed at Kyndryl data centers in partnership with local energy suppliers.

18,000 MWh

Annual MWh of solar generation enabled

Data Center Awards

Kyndryl is one of the largest participants in the EU Code of Conduct for Energy Efficiency in Data Centres. These data centers span across and beyond the EU. The European Code of Conduct for Energy Efficiency in Data Centres is a voluntary initiative that was launched in 2008 with the goal of improving energy efficiency in data centers, a sector of growing energy consumption.

Kyndryl also operates within more than a dozen data centers and offices globally that have achieved LEED (Leadership in Energy and Environmental Design) certifications. LEED is a globally recognized green building certification program that promotes sustainable practices in the design, construction and operation of buildings.

Operating in LEED certified buildings has helped us reduce our environmental footprint, improve energy performance, and provide healthier and more sustainable workspaces for Kyndryls. These buildings adhere to rigorous standards for sustainability, ensuring that they are resource-efficient and environmentally responsible.

Kyndryl operates within more than a dozen data centers and offices globally that have achieved LEED (Leadership in Energy and Environmental Design) certifications.

Water, Waste, and Biodiversity

Water

At Kyndryl, we recognize the importance of responsible water management and are establishing and implementing our strategy to improve water data collection, reduce our water usage and minimize our impact on local water resources. Kyndryl tracks consumption at sites we operate and is working to identify projects and programs to reduce water consumption, specifically in our identification of high water-stressed regions as outlined by the World Resources Institute. Kyndryl-operated sites maintain documented management programs for all water discharges for which Kyndryl is responsible. We have estimated water consumption at these sites, which is included in our Data Book on page 94.

We are currently focusing on improving our water data collection process for the sites that we operate to establish the baseline against which to measure future performance. Our plan is to reduce our water consumption in high water stress areas by 30% by 2030.

Waste

We are committed to reducing waste, minimizing our environmental impact and promoting a circular economy. Our waste management program prioritizes the following strategic practices, listed in order of preference as: (1) reduce, (2) reuse, (3) recycle, (4) recover and (5) dispose. Kyndryl has established stringent waste compliance requirements and management processes across all our sites where we have operational control. For each Kyndryl site, we have developed plans that help to identify opportunities for waste prevention and ensure proper management of waste. These plans are reviewed at least annually and modified as required to make sure they account for new facility infrastructure or other changes in operations or business activities. Data on Kyndryl's estimated waste management baseline for fiscal year 2023 can be found in our Data Book on page 94.

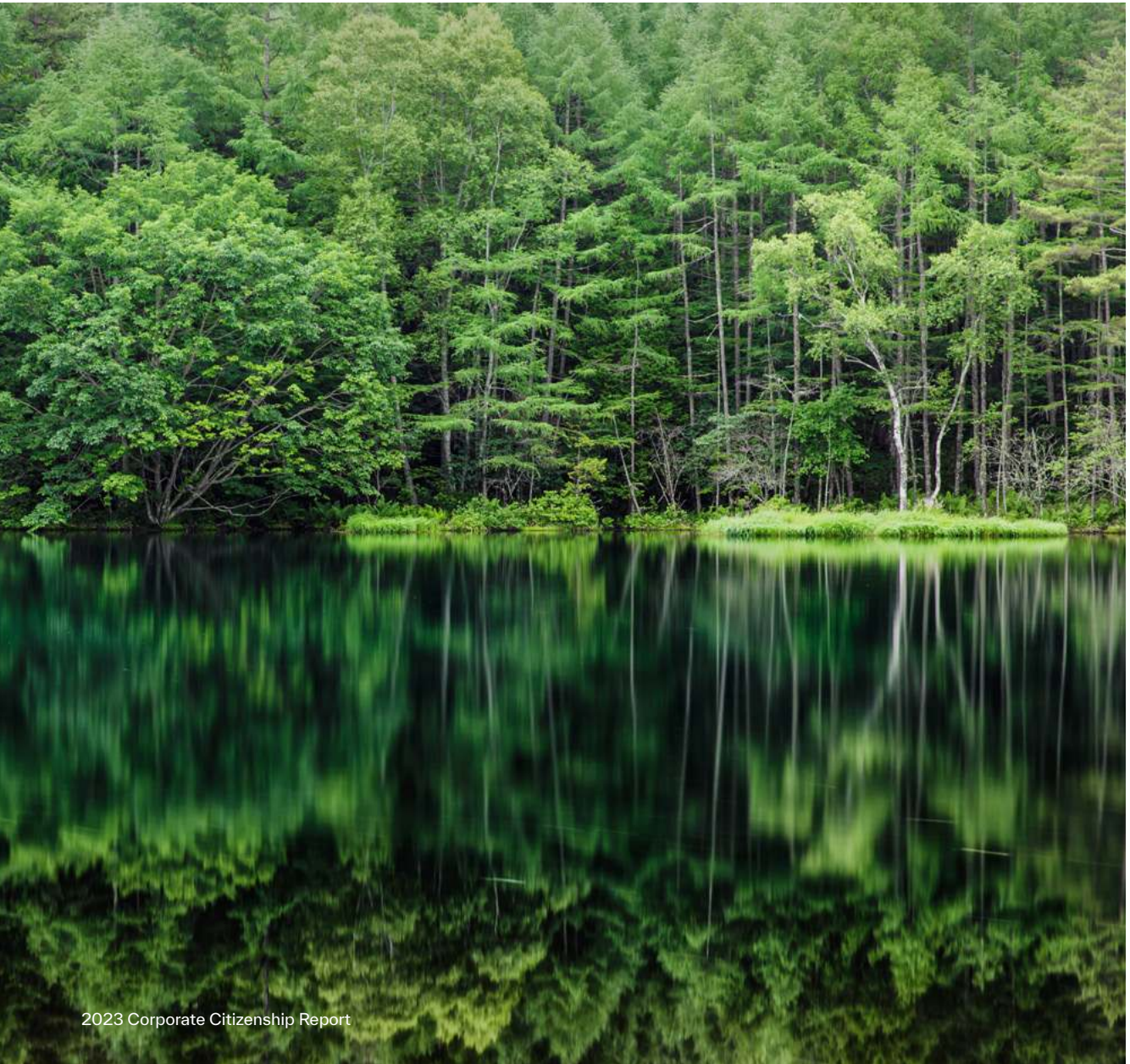
Electronic Waste

Kyndryl has a cross-functional process to address our electronic waste (e-waste) from our data center operations and the work devices used by Kyndryls. This includes an internal evaluation process to assess whether an IT asset can be reused internally, listed for resale, or must be disposed of. If an IT asset cannot be reused or resold, we work with our scrap suppliers to properly dispose of the IT waste. Kyndryl's aim is to recycle, reuse or recover most of its e-waste and avoid disposing of it in a landfill. During fiscal year 2023, Kyndryl estimates that 93.4% of its e-waste was diverted from landfills and our plan is to divert 100% by 2030.

> Kyndryl actively tracks consumption at operated locations that reside in high water stressed regions.

Biodiversity

We are working to develop our biodiversity goals and programs to be in line with industry best practices and frameworks.



Managing System Performance and Regulatory Compliance

Kyndryl's second sustainability strategic priority is to manage system performance and regulatory compliance. This work includes building our integrated Environmental and Energy Management Systems (E&EnMS), monitoring requirements of applicable government regulations and reporting our progress using frameworks and disclosures such as SASB, TCFD, GRI and CDP. These disclosures are available in our Data Book.

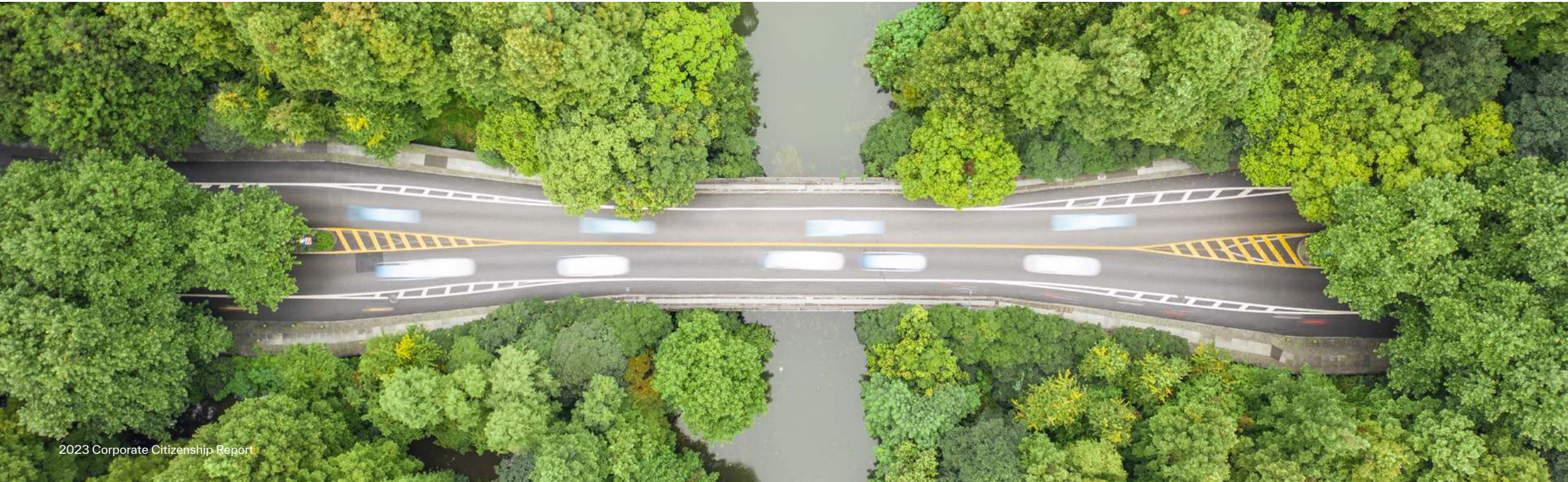
Environmental and Energy Management Systems

As shared in the 'Managing our Environmental Footprint' section, we are establishing our operational baselines, including those on climate and sustainability issues. This baseline is being used to establish our integrated E&EnMS addressing sustainability practices, such as energy conservation, renewable energy, waste, water and biodiversity. Kyndryl's E&EnMS will be certified against ISO (International Organization for Standardization) standards for ISO 14001 and 50001 and is aligned with 14064 associated with our greenhouse gas management system. ISO standards are internationally agreed upon standards that govern best practice for various activities.

Through our E&EnMS, Kyndryl assesses its environmental interactions associated with the activities and services occurring within the scope of the system and develops programs to manage these interactions. This includes our critical data center operations, which integrate environmental considerations such as water access and water stress, fuel leak prevention and management, refrigerant loss prevention and management, as well as risk management planning to mitigate physical climate change risks. We will leverage industry best practices to govern our environmental and energy management systems, processes and tools to ensure operations meet the standards of sustainability compliance and responsible business practices that customers and partners expect.

Compliance & Regulations

We are focused on providing resources and programs to enable compliance with applicable environmental laws, regulations and permits. Kyndryl has not had any serious environmental incidents nor been subject to enforcement actions since our launch. We are monitoring, reporting where required and preparing to report to current and upcoming sustainability reporting requirements, such as the European Non-Financial Reporting Directive (NFRD) and European Corporate Sustainability Reporting Directive (CSRD). This work has included cross-functional collaboration within Kyndryl, including the Global Sustainability Group, ESG, Finance, Legal, Accounting and Internal Audit.



Being a Preferred Customer Service Provider

Partnerships with our stakeholders enable our holistic approach to sustainability and strengthen the outcomes of our sustainability programs. Our partnerships include working with and educating our customers, engaging with networks and universities focused on sustainable business, participating in executive membership groups such as the Fortune Impact Initiative and GreenBiz Executive Network, collaborate with our marketing teams to organize events with our alliance partners and conducting studies to develop thought leadership. A snapshot of this work includes:

Educating Customers about Kyndryl's Sustainability Efforts

As we collaborate with our customers to help them achieve their sustainability goals, we share with them the work we're doing to achieve our own goals. In the last year, we developed enablement materials for our Sales and Delivery teams to communicate our ESG progress with our customers and assist in responding to customer ESG inquiries. To learn how we are innovating sustainability-related solutions for our customers, see the section on Driving Market Differentiation.

Partnerships with our stakeholders enable our holistic approach to sustainability and strengthen the outcomes of our programs.

Collaborating with Alliance Partners

CIO & CSO: a Sustainable Partnership Event

In October 2022, Kyndryl and Google Cloud worked with Ecosystm to host an event in Singapore around why CIOs are the perfect allies for CSOs to achieve their sustainability objectives. Event attendees came from industries including the public sector, transportation, logistics, real estate, retail and oil & gas. Conversations and events like these allow Kyndryl to contribute to important conversations around sustainability, strengthen relationships with our alliance partners and other companies with similar interests, and increase our brand awareness.

Excellerate 2023

Excellerate 2023 was a key enablement program sponsored by Microsoft and Kyndryl to accelerate Kyndryl's project readiness capabilities. The virtual event brought together nearly 3,000 attendees for this exclusive learning opportunity in February 2023. Participants gained valuable knowledge about the Microsoft and Kyndryl joint business strategy and current engagement initiatives. This included an event around sustainability, where Kyndryl's Chief Sustainability and ESG Officer and a global director of sustainability at Microsoft participated in the deep dive session on 'Sustainability: Why Does it Matter?'

Developing Thought Leadership

Kyndryl ASEAN Digital Transformation Study 2022

In collaboration with technology research and advisory firm Ecosystm, we launched the Kyndryl ASEAN (Association of Southeast Asian Nations) Digital Transformation Study 2022. The study, which included participation from 500 C-suite leaders across ASEAN, aimed to outline the key business priorities and technology trends in ASEAN enterprises, including their sustainability goals. According to the study, 77% of organizations in ASEAN are focusing on becoming sustainable but face various challenges to creating a holistic sustainability strategy.

Driving Market Differentiation

Our aim is to provide a sustainable approach to solutions and add value to existing business practices. To do this, we are focusing on areas where we can leverage existing capabilities, such as cloud services, digital workplace services, and applications, data and AI. We are building resources and partnerships to develop new sustainable offerings, as well as developing strategic market leadership aligned with Kyndryl businesses.

Kyndryl is working to share existing sustainability-related solutions with our customers, as well as develop new offerings. We customize our solutions to meet their business and sustainability goals. Examples of existing solutions include:

- **Sustainable Data Centers:** We assess the energy efficiency of our customers' data centers to identify opportunities for improvement and can then co-create and execute personalized solutions.
- **Cloud technologies:** We work with our alliance partners — Microsoft Azure, Google and AWS — to migrate some of our customers' workloads to the cloud, reducing energy usage by as much as 85%[10] and reducing emissions through the cloud's use of up to 100% renewable energy.
- **Automation, AI and Data:** We work with our customers to figure out how to best automate processes and use the mass amounts of data coming from their value chain to highlight opportunities to improve efficiency, resulting in reduced waste and more sustainable operations.
- **Digitizing the workplace:** We provide solutions for a hybrid office strategy that can help our customers reduce their employee commuting and onsite emissions. Kyndryl digitizes workplace processes and provides paperless solutions to reduce waste and improve sustainability. Intesa is a Kyndryl company based in Italy with over 30 years of experience in designing and developing SaaS (Software as a Service) solutions to digitalize end-to-end company operations.
  - **Key Fact:** Intesa paperless processes have enabled customers to achieve paper savings equivalent to 4,600 trees each month.

[10] "Carbon Reduction in Cloud" by S&P Global Market Intelligence, 2022.

Points of Progress: Green Guild - Sustainability Center for Excellence

As part of our efforts to co-create sustainable solutions for our customers, we launched our internal **Green Guild** in September 2022, which brings together over 350 Kyndryls who work with Kyndryl offerings as well as our alliance partners. The Green Guild aims to build a community of Kyndryls with expertise from throughout our company, to help develop a portfolio of quality, scalable and repeatable sustainable business offerings for our customers.

The Green Guild members work to:

- Understand the sustainability potential of our current offerings.
- Run proof of concepts (POCs) and develop minimum viable products (MVPs).
- Build a common sustainable business strategy across our global enterprise.
- Train and educate our community to work with clients.

350+	20+	9
members of the Kyndryl Green Guild, up from 18 members at inception	Green Guild sessions held to date	active Kyndryl Green Guild workstreams

"The Green Guild has helped to build collaboration across the company to develop and run proofs of concepts (POCs) on calculating greenhouse gas emissions benefits related to cloud migrations. This service allows our customers to align their IT strategy decisions with their ESG goals."

Mozhgan Eslami
Senior Hybrid Cloud Solution Architect at Kyndryl

Developing Sustainable Solutions Around the World

Sustainability Operations (SustainabilityOps)

SustainabilityOps is a framework that Kyndryl is developing to help our customers on their sustainability journey —whether they are just starting out or are looking for help with an existing strategy. Working with our Kyndryl Consult team, we engage customers in transforming their IT strategy to become more sustainable and address emissions from their IT environments. A typical engagement consists of conducting an assessment on the customers' current IT emissions from their data center and cloud resources, developing a plan to reduce the customers' IT emissions using a migration-based and/or in-place optimization approach, implementing the design and providing ongoing managed services.

IT Sustainability Assessment

Kyndryl's IT Sustainability Assessment is a consulting-driven service that uses an advanced analytics tool to quantify the energy usage and greenhouse gas emissions data of an enterprise IT landscape across data centers, co-location sites and public cloud instances running on AWS, Google Cloud Platform or Microsoft Azure. The comprehensive view of the analyzed operational data helps customers track reductions in emissions against targets and benchmark current performance against peers in the industry using standard key performance indicators.

Kyndryl's IT Sustainability Assessment is now available on Kyndryl Bridge. To learn more about Kyndryl Bridge, its ongoing development and new sustainability services, please visit Kyndryl Bridge.

> "Kyndryl's IT Sustainability Assessment helps set the carbon footprint baseline and leverages our tool enabled with artificial intelligence and machine learning technologies to generate insightful findings and practical recommendations for achieving our customers' environmental sustainability goals."
>
> **Sanjeev Gupta**
> *Director, Offering Management Security and Resiliency Global Offerings*

Points of Progress: Carbon Management Projects in Japan

Kyndryl has conducted carbon management projects for customers across industries, including finance, insurance and transportation. Projects included data center CO2 emission reduction optimization, electrical equipment renewal with appropriate electrical capacity and data center air conditioning optimization.

For instance, Kyndryl worked with Seino Transportation, a transportation company based in Japan, to reduce data center CO2 emissions. We replaced much of the aging air conditioning equipment with energy-efficient equipment and optimized the number of air conditioning units by improving the thermal environment and installing a dynamic Internet of Things (IoT) air conditioning system. As a result of these two measures, we reduced power consumption for air conditioning by approximately 66%.

66%

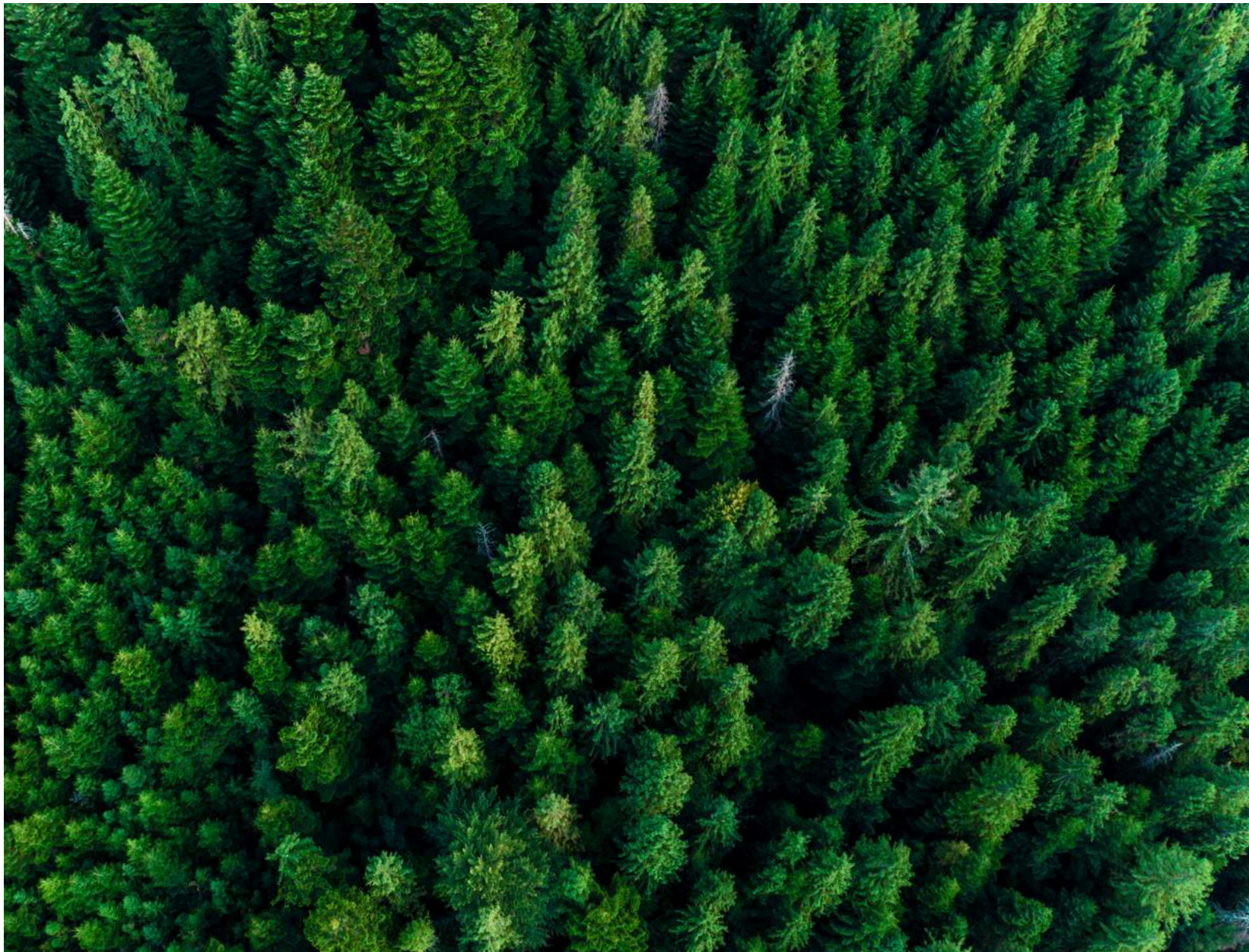
reduction in power consumption for air conditioning

> "With Kyndryl support, we were able to reduce running costs through lower energy and lower cost design while not affecting system operation during the data center air conditioning system replacement."
>
> **Seino Transportation Leadership**

Green Solutions in Portugal

Kyndryl was the technology component provider for four smart city projects deployed in Portugal. The goal of these projects was to achieve greater quality and efficiency in urban management and support citizens, giving them access to relevant information for their interaction with the city and its services. Using IoT tools and by incorporating Big Data sensors and technologies, Kyndryl developed a centralized, intelligent and automated platform for the management and control of critical services for cities, such as mobility, lighting, water and waste. The project was able to reduce its consumption and improve overall efficiency.

Kyndryl was the technology component provider for four smart city projects deployed in Portugal.



Responsible Supply Chain Management

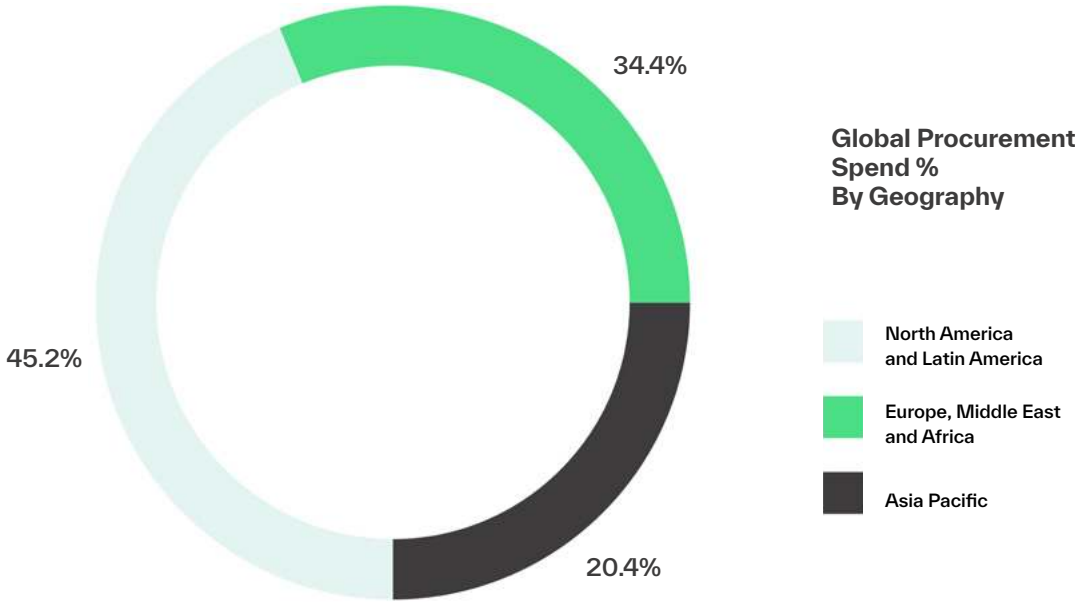
Kyndryl is working to mitigate climate change impacts by investing in sustainable technologies and strengthening the resilience and adaptive capacity of communities that we believe to be most affected by climate change.

We are committed to exercising social and environmental responsibility in our operations and supply chain, and share accountability with our suppliers to protect workers, communities and the environment.

ESG considerations are an integral part of Kyndryl's supply chain. We expect our suppliers to establish and maintain a corporate social responsibility and environmental management system — focusing on ethics, labor, health and safety, and environmental matters — and comply with ESG regulations across jurisdictions. We also regularly engage with our key suppliers to communicate our ESG expectations and share insights on supply chain sustainability and supplier diversity.

We are committed to working with our suppliers to address key ESG issues in the value chain.

- We aim to protect and respect the human rights of all people across our operations and share related best practices with our suppliers and employees. We commit to avoiding human rights abuses and abuses by other participants in our supply chain. Read more about our Human Rights Policy here.
- Wherever possible, we work with suppliers to procure and deliver products and/or services that can reduce our environmental impact and can be reused, recycled or disposed of in an environmentally sound manner.



Risk Mitigation

Kyndryl leverages its affiliation with ESG networks and initiatives to mitigate ESG risks in the value chain.

Responsible Business Alliance

To promote sustainable operations throughout our supply chain, Kyndryl joined the Responsible Business Alliance (RBA) in January 2022. The RBA is the world's largest industry coalition dedicated to responsible business conduct in global supply chains. As a member of the RBA, we uphold high standards of environmental as well as corporate responsibility, and commit to respecting human rights and ensuring sustainable operations.

Kyndryl is committed to complying with the **RBA Code of Conduct** in our operations, as well as progressively applying it to our first-tier suppliers. The RBA Code of Conduct contains environmental requirements as well as provisions on labor, health and safety, ethics and management systems.

During onboarding, suppliers are asked to sign the Kyndryl Supplier Code of Conduct that follows the RBA Code of Conduct. Requirements from RBA for our suppliers include:

- Minimize pollution of any kind.
- Conserve natural resources.
- Implement procedures for managing, handling, and disposing of waste responsibly.
- Establish a GHG reduction goal, track, and report scope 1 and 2 emissions.
- Adhere to environmental permit and reporting requirements.
- Develop a water management system to conserve water and control contamination.

We strive to monitor the application of the RBA Code of Conduct to the best of our ability using RBA practices and tools and will encourage and support our suppliers to do the same.

Kyndryl is committed to complying with the RBA Code of Conduct in our operations.

RBA Tools and Resources Leveraged by Kyndryl	
Capacity building	RBA provides online training modules and in-person training about the RBA Code of Conduct.
Self-Assessment	To help members conduct a self-assessment for supply chain risks that could constitute violations of the RBA Code of Conduct, the RBA provides a risk assessment template called the Self-Assessment Questionnaire (SAQ), as well as a high-level risk assessment tool. Kyndryl utilizes the RBA's SAQ as part of its risk assessment of suppliers' facilities in their supply chain. The SAQ provides an opportunity for the facilities to identify the controls that are put into place to manage and mitigate the risks at the site.
Validated Audit Process (VAP)	VAP is a collaborative approach to auditing to reduce the burden on supply chain companies from multiple requests for social audits. VAP provides companies assurance in identifying risks and driving improvements and robust management systems for labor, ethics, health, safety and environmental conditions in the supply chain.
Corrective Action Plan (CAP)	The purpose of the CAP is to define corrective actions for resolving any non-conformances identified during the audit.

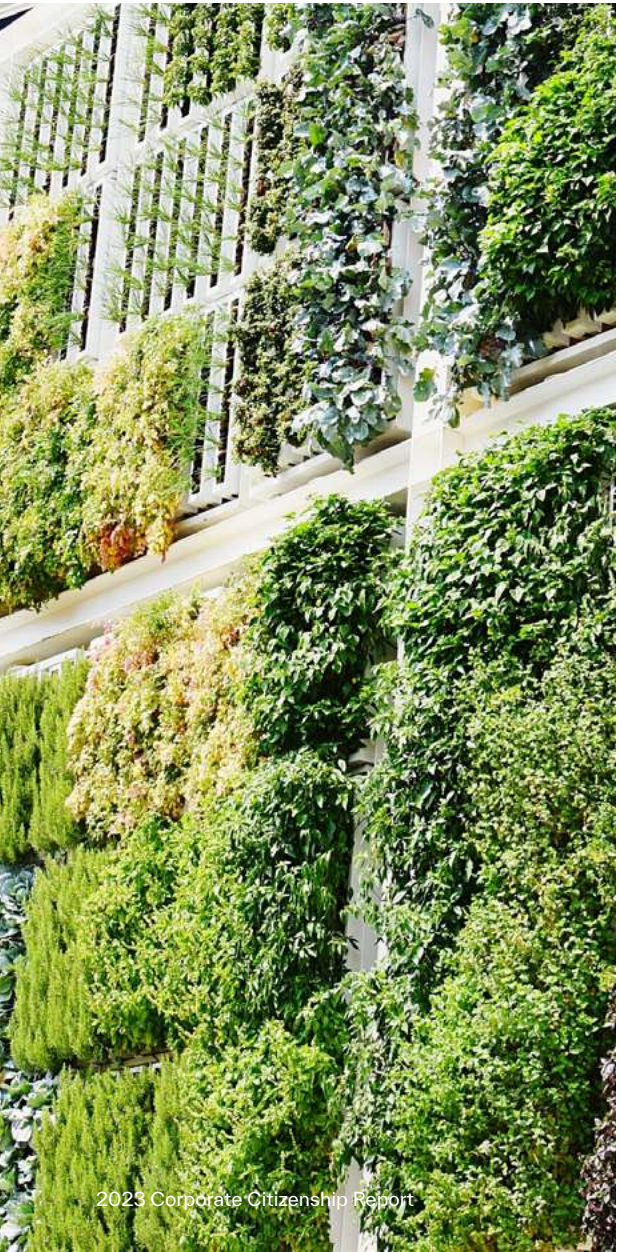
By evaluating compliance at a regional level based on risk, Kyndryl can help manage and mitigate risks across the diverse regions in which we operate. To assess compliance in the future and avoid complicity in abuses by suppliers, we are building on the process we use through RBA to develop our own audit process that:

- Incorporates RBA guidelines.
- Requires root cause identification to determine recommended corrective actions for code non-compliances that warrant such actions.
- Engages a cross-section of companies in countries where the risk of non-compliance is elevated and establishes a grievance procedure.

If a supplier is found to violate the RBA Code of Conduct, the supplier must take corrective actions to remediate the violation or risk termination. In the future, Kyndryl intends to establish a performance-based metric to assess suppliers on their compliance with the RBA Code of Conduct that will be considered when deciding to keep existing suppliers and awarding future work.

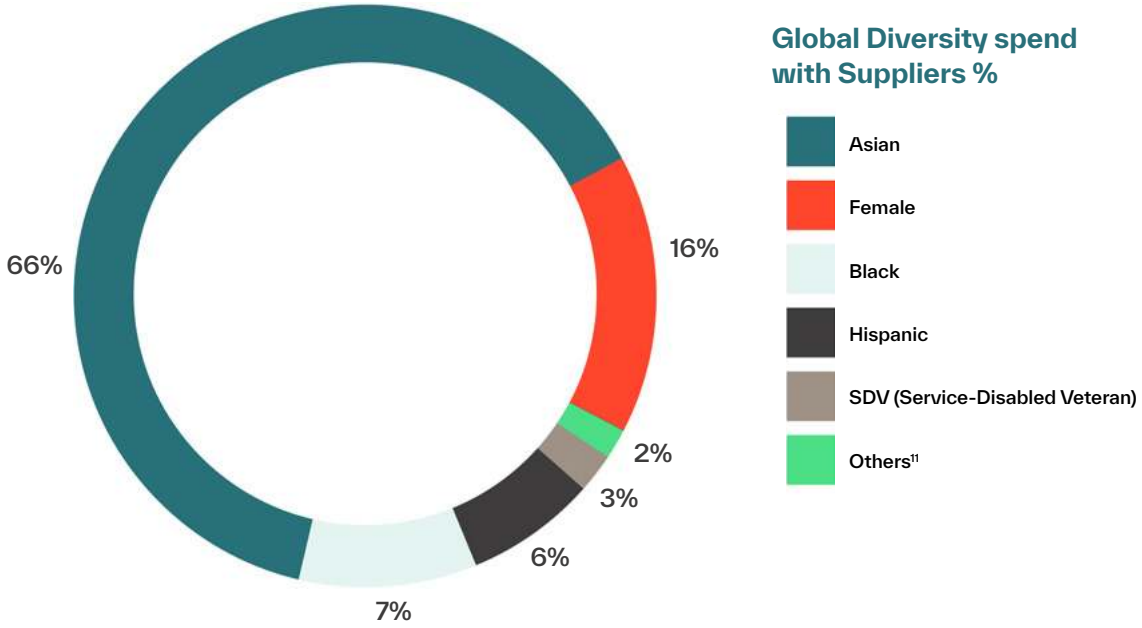
EcoVadis

We are working with EcoVadis to manage our supplier program to meet customer and regulatory requirements.



Commitment to Supplier Diversity

Kyndryl maintains a supplier diversity program and is committed to ensuring sustainable and equitable operations. Our Global Supplier Diversity Program ensures that diverse businesses have the opportunity to participate in all areas of Kyndryl's marketing, procurement and contracting activities. Our Supplier Diversity program generated approximately 4.8% of procurement spend to diverse suppliers in fiscal year 2023.



Our Supplier Diversity program facilitates purchasing opportunities for businesses owned and operated by ethnic minorities, women, LGBTQ (lesbian, gay, bisexual, transgender, queer), veterans and people with disabilities. The global program promotes the utilization of diverse suppliers in every country where we operate. The program is integrated into and adheres to the procurement process. At the same time, we comply with local laws and regulations regarding the implementation of Supplier Diversity objectives.

We are proud of our support of supplier diversity and strive to increase the economic development of the communities in which we work and operate. We proactively seek out diverse suppliers, sending Kyndryl representatives to networking events and trade shows to identify new businesses to include in our supply chain.

[11] Others: Aboriginal, People with Disabilities, LGBTQ+, Veteran, Minority-owned Business Enterprise UK (MBE UK).

We recognize diverse suppliers certified by, but not limited to, the following organizations and associations:

United States

- National Minority Supplier Development Council (NMSDC)
- Hispanic Chamber of Commerce (USHCC)
- Women Business Enterprise National Council (WBENC)
- National Center for American Indian Enterprise Development (NCAIED)
- Small Business Administration
- Federal Government Offices for Small and Disadvantage Business Utilization (OSDBU)
- WeConnect International
- Disability: IN

United Kingdom

- WeConnect International
- Minority Supplier Development UK (MSDUK)

Australia

- Supply Nation

Due Diligence Process for Evaluating Suppliers

Before Kyndryl places a purchase order or work authorization with new external suppliers, our Procurement team has the responsibility to ensure suppliers are evaluated and assessed to verify they meet procurement criteria for qualified suppliers. These criteria include:

- Financial solvency
- Compliance with applicable international, national and local laws, and regulations
- Kyndryl's social and environmental requirements
- Kyndryl's supplier shipping instructions for export to Kyndryl
- Kyndryl's ethics and anti-bribery requirements
- The ability to meet Kyndryl's demand

All new suppliers and their affiliates must complete and submit a supplier questionnaire, which includes the following ESG considerations:

- Suppliers providing hazardous waste, special waste and end-of-life product management (treatment, recycling, and/or disposal) services must be evaluated and approved per the requirements of Kyndryl's policy on integrating environmental requirements into the global procurement process. In addition, certain categories of suppliers that have, or are involved with, Kyndryl specified processes on non-Kyndryl sites with potential environmental impacts must be evaluated and approved (as applicable) per the policy.
- Kyndryl also requires that our suppliers sign the RBA Letter Agreement and agree to comply with the RBA Code of Conduct.[12]

Post-onboarding, Kyndryl conducts due diligence on suppliers leveraging RBA's tools and resources.

[12] Exemptions to the requirement for RBA Code of Conduct are only allowed when Kyndryl validates that the supplier's own code of conduct meets or exceeds the RBA Code.

3 Powering Progress for Our People and Communities

In this section

Transforming the Kyndryl Culture: The Kyndryl Way

Inclusion, Diversity & Equity

Building our People Systems to Support our Business Model

Competitive Rewards

Responsibility to Our Community

Our People: Kyndryls

At Kyndryl, we are a people-centric business focused on being at the heart of progress for our customers and our communities.

Our mission is to be a services business that is an employer and partner of choice. When we became an independent company, it was paramount that we build the skills our customers require and a brand that is highly sought after by job seekers. We have built a differentiated culture — called The Kyndryl Way — to attract, retain, develop and motivate a highly skilled workforce. Core to that culture is maintaining an inclusive, engaging and flexible work environment that supports our ability to deliver for customers.

Additionally, as an essential part of our culture, we are empowering Kyndryls around the world to volunteer in their communities. We are equipping underserved communities with the technical skills needed to enter the workforce of tomorrow. We believe that by ensuring our business operations align to positive outcomes for society and the environment, we can create a more sustainable future for all.

As a global business with a presence in over 60 countries, we are focused on supporting Kyndryls and the communities where we live and work. Our business transformation depends upon our people. Their career and skills growth are vital to meeting the needs of our customers and achieving our business objectives. In this section of this report, we will tell you about:

- Transforming the Kyndryl Culture: The Kyndryl Way
- Inclusion, Diversity & Equity
- Building our People Systems to Support our Business Model
- Competitive Rewards
- Responsibility to our Global Community

Transforming the Kyndryl Culture: The Kyndryl Way

In 2022, we introduced The Kyndryl Way — how we define our differentiating services-led culture as we aim to be an employer and partner of choice. Since then, we have been transforming our culture through new behaviors, systems and symbols to embody these principles and ways of working.

As we launched Kyndryl, we set out to define a culture that encompassed our desire to create shared success for employees, customers, investors and partners. This effort included a multi-day culture exchange open to all Kyndryls around the world.

This culminated in the formulation of **The Kyndryl Way** — a set of six key principles that define our services-based culture: We want to be **restless**, **empathetic** and **devoted** in the way we engage with one another, our customers, partners and communities; and we want to organize ourselves to be **flat**, **fast** and **focused** to better serve our customers as a true services organization.

The Kyndryl Way is about how Kyndryls work together and deliver value. It's foundational to our business growth. Culture change is a deliberate process and a unique opportunity we have as a young company. We have made significant progress in our cultural transformation journey across our organization, globally.

The Kyndryl Way

Purpose

Together, each of us advances the vital systems that power human progress.

Mission

To be a technology services company that is a partner, and an employer of choice.

Engaging with one another, with our customers and our communities, we are:

Restless
to continuously anticipate, learn and innovate

Empathetic
to serve with trust and transparency

Devoted
to shared success

How we organize ourselves, our work and our decisions to support our customers:

Flat
to empower accountable, inclusive teams

Fast
to cultivate simplicity everywhere

Focused
to deliver exceptional services

"At the heart of Kyndryl's turnaround story is our culture transformation. How we embrace a new purpose and mission to advance the vital systems that power human progress. How we engage with one another, our customers and our communities as **restless, empathetic and devoted** to shared success."

Martin Schroeter
Chairman and Chief Executive Officer

88%

of Kyndryls stated that their manager's behavior is consistent with The Kyndryl Way.

Points of Progress: Training Leaders in The Kyndryl Way to Advance Our Culture Transformation

The right kind of leadership is essential to perpetuating culture. In 2022, we defined Leadership Behaviors that would enable every Kyndryl to advance The Kyndryl Way. The Leadership Behaviors support all Kyndryls to elevate their leadership skills.

Then, we invested in training to help Kyndryls build their Leadership Behaviors. We:

- Brought our 800 executives together for a Leadership Summit. Each executive was asked to create a Kyndryl Way action plan — declaring how they would adopt our Leadership Behaviors and make them real in their organizations.
- Trained Kyndryl's nearly 6,000 people managers in Leadership Behaviors workshops.
- Launched Leadership Development@Kyndryl — new, contemporary curriculum, workshops, resources, and tools for people managers to develop and hone their leadership skills.
- Rolled out Kyndryl Leadership Behavior training and badges to help all Kyndryls activate The Kyndryl Way in their roles.

We are proud that within our first year of our culture transformation, this extensive effort resulted in 88% of Kyndryls stating that their manager's behavior is consistent with The Kyndryl Way.

Measuring our Progress: Annual Engagement Survey

Employee engagement is essential to the transformation of our business — empowering Kyndryls to provide great service to customers. Engagement is defined as the level of commitment, passion and connection to the company. Kyndryl's Annual Engagement Survey is one critical way we measure progress on our culture and becoming an employer of choice.

Our annual survey — with the theme "Your feedback fuels our progress" — gives all Kyndryls the opportunity to provide feedback on how we become an even better place to work. Feedback is benchmarked against other employers,* and it provides anonymized insights to our people managers so they can improve their leadership skills and their team's experience.

78%

of Kyndryls participated in the survey

Our fiscal year 2023 Annual Engagement Survey results include:

86%

Our **Empathy & Inclusion Index** — an aggregate of workplace trust, respect, and belonging measurements — 6 points above the industry average* and approaching best in class

75.5%

Our **engagement score** — which measures the level of employee commitment, passion and connection to Kyndryl — is 2 points above industry average*

+3.4 points

Year-over-year increase in our engagement score

* Industry comparisons are taken from the average engagement scores of Qualtrics 6000+ clients, which includes companies across industries worldwide.

Inclusion, Diversity and Equity

Driving a culture where every employee feels a sense of inclusion and belonging is rooted in The Kyndryl Way. This past year we created the foundation for an equitable environment, where Kyndryls can power human progress.

Our Inclusion, Diversity and Equity (ID&E) strategy aims to build highly collaborative teams that bring a range of experience and viewpoints to solving customer challenges and driving innovation. With our Empathy & Inclusion Index near best in class, we are harnessing belonging as a fundamental part of our business. 91% of Kyndryls feel they are treated with respect, and 87% feel they can be themselves at work.

Our ID&E mission: empower Kyndryls to embed inclusion, diversity and equity in every aspect of our business — to build a diverse and inclusive workforce and an equitable culture that contributes to business results by delivering exceptional service for our customers and advances the vital systems that power human progress.

Our ID&E vision: be empathetic and devoted global citizens who strive to make the world better and more inclusive for our employees, customers and our communities.

Our ID&E strategic priorities:

- **Connected and inclusive culture**
  Drive a culture where employees feel a sense of inclusion and belonging
- **Diverse and representative teams**
  Attract, develop and retain diverse talent across levels and geographies
- **ID&E in our business and operations**
  Embed our priorities in every part of our business
- **Community engagement and advocacy**
  Cultivate opportunity and promote equity in underserved communities

91%
of Kyndryls feel they are treated with respect

87%
feel they can be themselves at work

Connected and Inclusive Culture

Kyndryl Inclusion Networks

Kyndryl Inclusion Networks (KINs) are company-sponsored, employee-led resource groups dedicated to creating spaces where Kyndryls can find and provide support and advice. Supported by senior-level executive sponsors, KINs support our ID&E strategic priorities. They play a vital role in our inclusive environment where Kyndryls are valued and empowered to succeed.

Our companywide, enterprise-level KINs include: WIN (Women), LGBTQ+, True Ability (People with Disabilities (PwD)/ Neurodiversity), BeKIN (Black), Hispanic / Latino, Asian American, and Native / Indigenous / First Nations.

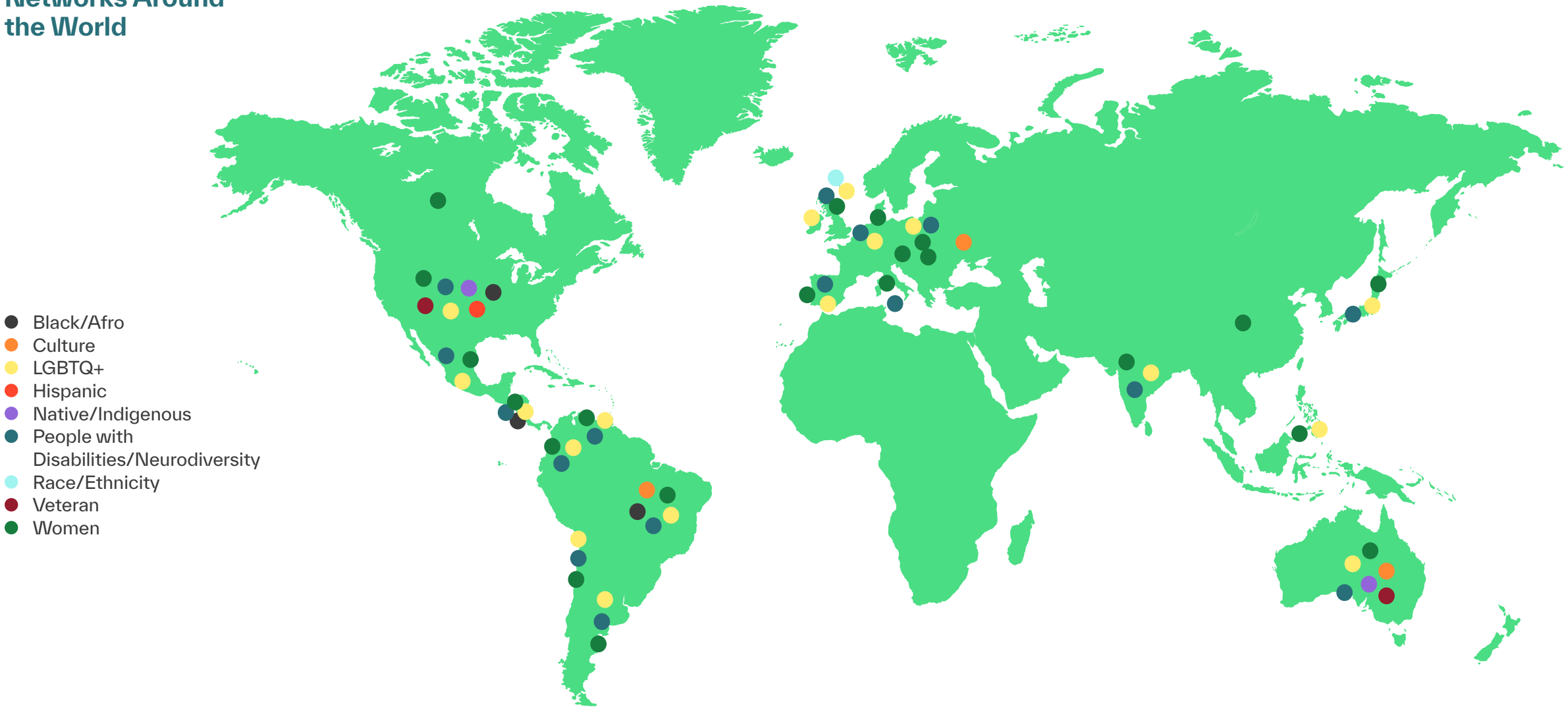
Local KIN chapters exist in several countries, and additional KINs have been formed based on unique, local business and employee needs. For example, our U.S. and Canada teams have formed Veteran KINs.

KINs led our efforts to sponsor Diversity Celebration Months and Days that are designed to raise awareness, highlight outstanding activities, and draw attention to current events and priorities within communities, such as Black History Month, Women´s History Month, PwD/Neurodiversity Month, Pride Month and more.

Points of Progress: Kyndryl Inclusion Networks (KINs)

Our KINs experienced rapid growth, increasing from 5 to 70 within Kyndryl's first year. Click to watch the story of the creation and growth of KINs from Karima Bryant, our Chief Diversity Officer.

Kyndryl Inclusion Networks Around the World



Flexible Work Environment

Supporting our focus on inclusion, belonging and empathy, we believe many of our jobs can be done flexibly. Due to customer requirements, some jobs need to be in an office or customer locations, but many can be remote. We believe that our global Flexible Workplace Policy helps Kyndryls achieve business results and work-life balance. The policy enables managers and employees to have open dialogue and agree upon what work location works best for each employee, the team and the customer.

Inclusive Language Reference Guide

Words matter in our global workforce, where we are focused on inclusive teams and encouraging diversity of backgrounds and ideas to make the greatest impact for our customers. This is why in fiscal year 2023 we launched an Inclusive Language Reference Guide to help all Kyndryls identify words and phrases that may be damaging or offensive to certain groups and provide appropriate alternative language choices, while also supporting Kyndryl's culture of inclusion.

Inclusive Mindset for Leaders

We work to equip each employee to recognize and manage biases, supporting the creation of inclusive teams and enabling empathetic behaviors. As part of training managers on building empowered, inclusive, accountable teams, we created an Inclusive Mindset at Kyndryl program. We've trained managers in India, U.S., Poland and Hungary, and our top 40 executives across the company have completed the training as well.

> We are focused on inclusive teams and encouraging diversity of backgrounds and ideas to make the greatest impact for our customers.

Diverse and Representative Teams

Kyndryl is committed to a workforce that reflects our communities and is consistent with our equal employment policy. It is Kyndryl's policy to engage in employment activities without regard to race, color, religion, sex, gender, gender identity or expression, sexual orientation, national origin, caste, genetics, pregnancy, disability, age and other characteristics.

We demonstrate our commitment to diverse teams as we work to attract, develop and retain leading talent across all diversity dimensions — at each level and geography in our business.

- We leveraged new recruiting technology to improve talent sourcing, assessment and employment.
- We improved career and leadership development opportunities for all Kyndryls, including career acceleration and development programs for diverse talent.
- We implemented human resource programs aimed at supporting growth and development for all Kyndryls.

The following table reflects key representation measures that were reported in Kyndryl's 2021 EEO-1 report. These measures are based upon employee voluntary self-disclosure. Kyndryl is dedicated to creating and maintaining an environment in which employees feel comfortable voluntarily participating in self-disclosure opportunities, where permitted by country laws. The results of self-disclosure opportunities aid Kyndryl in measuring how well our workforce reflects our communities and best-in-industry representation.

We continue to build relationships with community and professional organizations that focus on underrepresented communities to help us recruit. For example, we participated in a virtual career fair last year hosted by Out & Equal, a global LGBTQ+ organization. We also recruit from Historically Black Colleges and Universities in the U.S. We have also put in place global standards to make our job postings inclusive to support our focus on bringing diverse talent into Kyndryl.

Measures	
% of Employees by gender (global)	29.4% women 70.6% men
% of Executives by gender (global)	27.9% women 72.1% men
% of U.S. Employees by ethnicity/race	**29.5% People of Color** 14.1% Asian 8.0% Black/African American 6.3% Hispanic <1% Hawaiian Natives/Pacific Islanders <1% Native American/Alaskan Natives <1% Two or More Races
% of U.S. Executives by ethnicity/race	**26.5% People of Color** 13.2% Asian 4.6% Black/African American 7.8% Hispanic <1% Native American/Alaskan Natives <1% Two or More Races 0% Hawaiian Natives/Pacific Islanders

The table above reflects representation data from Kyndryl's submission of U.S. EEO-1 data as of December 31, 2021. The data, which includes all active and inactive full-time and part-time employees in the Kyndryl organization, is valid until the 2022 U.S. EEO-1 report is filed in the Fall of 2023.

At Kyndryl, executives are defined as vice presidents, senior vice presidents and c-level officers.

ID&E in Our Business and Operations

We strive to embed inclusion, diversity, and equity throughout our business.

Equal Opportunity

In addition to maintaining an Equal Opportunity policy Kyndryl also makes reasonable accommodations, where appropriate, to enable applicants with disabilities to successfully apply to Kyndryl and employees with disabilities to effectively perform their jobs. Kyndryl has a dedicated Equal Opportunity Compliance Office that works to ensure Kyndryl maintains regulatory reporting and other compliance requirements globally in accordance with country laws.

Corporate Policies & Training

At the beginning of 2023, we refined fundamental policies committing to Equal Opportunity Employment, Workforce Diversity & Inclusion, and Non-discrimination and Harassment to align with industry best practices. Additionally, in 2021 we launched worldwide required ID&E learning offerings for all Kyndryls covering areas such as prevention of harassment and retaliation with an expectation of 100% compliance.

Cultivating Opportunity and Equity Through Community Engagement

As a core part of our ID&E strategy, Kyndryl is dedicated to cultivating opportunity and equity in underserved communities through partnerships and employee volunteerism — core to our empathetic, devoted-to-service culture, The Kyndryl Way. We created new partnerships to empower communities to build inclusive and equitable economies, and to engage Kyndryls in impactful volunteerism. This focus is integrated with our company's corporate social responsibility (CSR) efforts. For example, our KINs around the world create volunteer campaigns that serve not-for-profit organizations and communities. For more information on our CSR and community engagement activities, please see the People section of this report.

Building Our People Systems to Support Our Business Model

To deliver our services to our customers, we rely on our skilled practitioners. Kyndryls leverage their deep engineering expertise and extensive experience operating complex and heterogeneous technology environments to drive service quality, intellectual property development and our long-term trusted customer relationships.

This is why career and skill development are important to our employees, critical to serving our customers, necessary for our business transformation and an essential part of our Kyndryl Way culture. We are putting Kyndryl development and skills at the heart of our business.

Since becoming an independent company, we have focused on putting in place the people processes and systems to fit our business model, reduce costs and attract, retain, develop and motivate Kyndryls. The renovation of our human capital technology and processes is focused on serving Kyndryls better in the pursuit of their skills and career growth, and is expected to lower costs in our operating infrastructure.

We are creating market-based, globally consistent, transparent programs so that all Kyndryls have opportunities to build skills and be successful. This overhaul of processes and systems will provide even better skill development and deployment in service of our customers.

"We are renovating our human capital systems and processes, unifying our teams to accomplish outcomes for our customers and achieve our business goals. Our renovation supports Kyndryls to build skills and advance The Kyndryl Way — through individual growth in how we engage with our colleagues, customers and communities. It's about applying leading expertise and technology to propel the world forward."

Maryjo Charbonnier
Chief Human Resources Officer and Executive Sponsor of the Social Working Group

Supporting Achievement and Development of Kyndryls

In 2022, we made important changes to our global **Internal Job Posting Policy**, focusing on increasing internal job movement and visibility into non-executive and executive job postings for Kyndryls. It is foundational to filling open job roles and empowering Kyndryls to advance their skills and careers. Recruiting from within enables our company to find the right Kyndryls with the right skills for the right roles to deliver for customers.

We introduced a **Global Skills and Career Framework**, our market-based approach to employee career journeys. We moved from several job frameworks to one across every part of our business. It further empowers Kyndryls to own their careers by providing transparency into the skills and competencies expected for their role and the variety of career paths across Kyndryl. This is part of our focus on equipping employees with the skills they need to serve our customers and grow their careers at Kyndryl.

We then launched **Kyndryl Compass**, our company's new performance management system which supports Kyndryls to achieve their development goals and the company's business objectives. This was a fundamental shift to being a development-focused company and putting our people's skills and careers at the center of our business. Compass supports Kyndryls to:

- Define their outcomes-based Performance Goals connected to the company's business objectives, including a goal focused on exhibiting our Leadership Behaviors.
- Set a Development Goal, essential for professional growth and building in-demand skills. And, conduct skill self-assessments to define the next steps in their development. We expanded capabilities to distinguish Kyndryls' skills, competencies and career interests in one system. The system provides Kyndryls with recommended market-based skills that they can add.
- Have regular check-ins with their manager to discuss progress and development.

In addition to regular check-ins, we expect managers to conduct formal mid-year reviews and annual end of year reviews with each direct report. End of year ratings impact performance-based rewards, which are aligned to business results at the company, business unit, team and individual levels.

Skills: Certifications for Hyperscalers, Training, Learning Hours

We equip all Kyndryls to build technical, leadership and business skills through a variety of methods and throughout the career life cycle.

Starting with early career programs, in fiscal year 2023, we fostered skill development of hundreds of interns and apprentices.

As Kyndryls progress in their careers, we offer many options for developing expertise and leadership skills, and that development is linked to our performance management process.

- Technical skills to serve our customers: We leverage our alliances with hyperscalers to provide Kyndryls with access to training on market-leading technologies. Foundational hyperscaler trainings can be taken by all Kyndryls. Advanced hyperscaler trainings, which require many hours of commitment, are for technical Kyndryls. This enabled Kyndryls to secure 35,000+ certifications in hyperscaler cloud skills, representing a 100% year-over-year increase.
- In addition to technical skills, all Kyndryls can access our global learning platform where can they build business, leadership and additional technology skills. We also offer many internal badging programs and awarded 74,000 badges.
- To ensure we develop leaders who can manage large teams of people, we launched Leadership Development@Kyndryl, which uses instructor-led and online resources for our managers and executives to hone their leadership skills. We provide targeted programs for specific groups, and one such program gives mid-career participants the opportunity to earn certifications from leading business schools such as Stanford Graduate School of Business, Yale School of Management, Columbia Business School, and more.

8.8 million
training hours completed by Kyndryls

74,000
digital badges awarded to Kyndryls

98 hours
average training hours per employee

35,000+
hyperscaler certifications among Kyndryls at the end of fiscal year 2023, a 100% year over year increase

Competitive Rewards

Our rewards program supports our ability to attract and retain outstanding talent. Our rewards are designed to be structured in a fair and equitable manner and align competitively to the market. We focus on pay for performance —with most rewards driven and differentiated by both company and individual performance.

- Our performance-based rewards — such as bonuses and promotional increases — are aligned to results at the company, business unit, team and individual levels.
- Our essential rewards — such as base pay, health plans, savings and retirement programs — are designed to promote health, wellness and financial security.

As we began fiscal year 2024, we introduced our new Shared Success employee bonus plan, which will measure and reward shared success against the financial metrics we have committed to deliver to shareholders. It focuses all Kyndryls toward common goals that align with our business strategy. Bonus plans for executives and non-executives share the same metrics that matter to investors. Funding the plan is based upon:

1. Profitable growth, as measured by Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization), reflecting our operating profitability and financial health
2. Revenue, which is critical to delivering sustained profitability to maintain, and optimally, expand what we do for our customers

In fiscal year 2023, Kyndryl granted stock-based compensation to senior leaders in more than 36 countries around the world.

Promoting Kyndryls' Health and Wellness

Our benefits help reflect what Kyndryls tell us will best support them and their families. We offer competitive medical benefits with a variety of options. For example, in the U.S., that includes 100% preventative care coverage; fertility, family building and egg freezing; financial wellness coaches; 3-months parental leave for birth/adoption/surrogacy; coverage for adoption or surrogacy expenses; telemedicine; cancer care; physical therapy. Globally, we offer a minimum parental leave policy of 20 days paid and an Employee Assistance Program for mental health. We provide same sex partner coverage in 44 countries, and gender affirmation benefits in 35 countries—where these programs exist in the market.

We are dedicated to being a leading organization in the space of well-being. For example, we have hosted 900 well-being events for employees. Our global affinity group "Healing Bodies and Minds," is supporting Kyndryls whose lives have been touched by cancer.

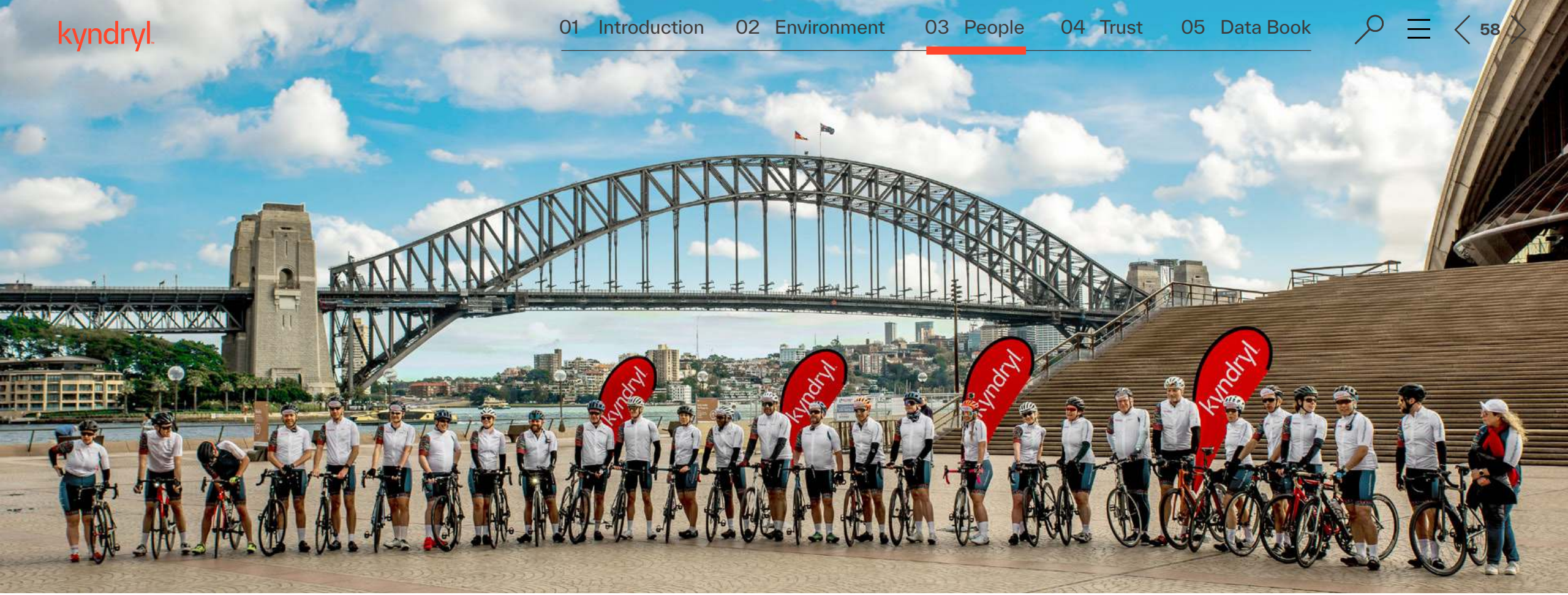
Safe, Healthy Work Environment

Kyndryl's upgraded Health and Safety Management System (HSMS) is our framework to anticipate and evaluate current and potential health and safety risks, as well as to identify, collect and report relevant metrics to key stakeholder groups. We continually improve our HSMS to ensure long-term sustainable growth for all Kyndryls, our company and our ecosystem. Kyndryls are trained and empowered to participate in relevant aspects of the Kyndryl HSMS and to report any incidents or risks they observe.

Assessing Human Capital Opportunities and Risks

As a people-focused business, our human capital strategy is essential to becoming an employer of choice for our industry. On an annual basis, we assess our people-related opportunities and risks, and develop our human capital priorities that align to our strategy for the upcoming fiscal year. We then take our priorities to our top 40 leaders for input and finally we review with our Board of Directors.

As a services business, attracting and retaining skilled talent is essential to providing value to our customers. We actively monitor attrition and ask leaders to take actions to drive retention and engagement to ensure we have the right people with the right skills for meeting customer needs. In fiscal year 2023, our global turnover rate was 13.9%.



Responsibility to Our Global Community

Our Corporate Social Responsibility (CSR) strategy guides our employee and community engagement programming with focus and intention to maximize our positive impact.

The results of our Materiality Assessment indicated three community engagement areas most important to our stakeholders and where we could have the greatest impact: Future-Forward Education, Climate Action and Inclusive Economies. These three themes became the foundation of our CSR strategy. They are tied to six of the 17 UN Sustainable Development Goals (SDGs), which support a productive, sustainable and inclusive global economy where Kyndryl can continue to thrive.

Initiatives and Impact

We have scaled employee participation in **DEED**, our engagement platform that allows all global employees to volunteer or donate to nonprofits across our three focus areas. DEED enables Kyndryls to connect easily with 2 million+ vetted nonprofits.

Our **Kyndryl Cares** Volunteer Time Off program gives Kyndryls one day off per calendar year to serve their community. Taking time to volunteer demonstrates our commitment to serving others and provides our people with a sense of connection to their community and each other.

DEED enables Kyndryls to connect easily with 2 million+ vetted nonprofits.

25,000+

Kyndryls that have registered on our employee giving and volunteer platform, DEED

1,000+

nonprofit organizations supported by Kyndryls through the platform

28%

of employees registered on the platform

17,000+

volunteer hours were logged in the platform globally

50+

employee volunteer campaigns organized by Kyndryl

80

volunteer events held in conjunction with our one-year anniversary

We are establishing a **Kyndryl charitable foundation** to formalize our efforts to advance more inclusive economies where we operate. We expect to accept applications into our first round of grant giving for nonprofits by late 2023, and grants made by early 2024.

Future-Forward Education

We support equitable access to student-centered and technology-enabled education, ensuring all learners acquire the skills needed to promote sustainable development. Our efforts focus on developing skills to meet demands in the era of digital transformation while providing meaningful careers for underserved communities.

Climate Action

We support an equitable transition to an environmentally sustainable future through innovative technology. We commit to mitigating the impacts of climate change by strengthening resilience and adaptive capacity in the communities most affected by climate change.

Inclusive Economies

Kyndryl invests in bold ideas that build a representative economy in which all individuals and communities participate in and benefit from sustained economic and social prosperity. Kyndryl partners with entrepreneurs, start-ups, innovators, and organizations committed to finding innovative solutions to address the social and environmental challenges we face today.

Community Partners

We partner with our customers, non-profits, and other partners to amplify our positive contribution to the SDGs.

- United Way
- Federation University
- TEACH (Together Educating All Children in Hospitals)
- University of Óbuda
- University of Warsaw
- Dyslexia Canada
- Aurora Education Foundation
- The Prince's Trust
- The Skills Builder Partnership

- Oceanário de Lisboa
- One Tree Planted
- Carbon Literacy Trust
- Planet Tech'Care

- Responsible Business Alliance
- Echoing Green
- Athari Group
- Tent Partnership for Refugees
- Cyber Rakshak
- Fondation des Possibles
- Indigenous Technology

Examples of Our Partners in Impact

Future-Forward Education

United Way

We partner with United Way in its fight for the health, education and financial stability of every person in every community. Kyndryl is an active participant in United Way's Jobs First New York City initiative to help inform the needs of businesses in economic opportunities and transform the systems supporting young adults. In Latin America, more than 1,000 Kyndryl volunteers will carry out a series of activities in 8 countries that aim to introduce STEM activities to more than 3,000 school-age girls and boys, teenagers and teachers, encouraging them to learn more about future professional possibilities that STEM careers can offer.

The University of Óbuda

Kyndryl Hungary established the Kyndryl Industrial Department at the Alba Regia Faculty of Technology in Székesfehérvár, Hungary, focusing on the education of cloud technologies and related fields to prepare students for the jobs of the future. Kyndryl delivers courses in cloud technology with its own experts through the Virtual Department and is involved in teaching advanced mathematics.

Corporate Readiness Certificate

Kyndryl Collaborative Poland designed IT career readiness training for students from Polish universities. It had enrollments from 113 local academies and participation from 27 universities outside of Poland. The program was designed to empower aspiring professionals to thrive in the corporate realm. Sixty-five Kyndryls volunteered their expertise in specialized areas, such as architecture in IT, mainframe, cloud and project management. As a result, 150 graduates completed the program with a practical understanding of IT industry skills.

Climate Action

One Tree Planted

Kyndryl partnered with One Tree Planted, a 501(c)(3) nonprofit, on a mission to make it easy for anyone to help the environment by planting trees. Through this partnership, and to celebrate and honor our people, Kyndryl has planted over 90,000 trees in the name of each employee. The trees planted have taken root in communities around the globe to help rebuild forests after fires and floods, provide jobs for social impact and restore biodiversity.

Planet Tech'Care

Planet Tech'Care is a platform that brings together companies and educational institutions that wish to commit to an innovative and sustainable IT service industry, with a network of partners who are experts in digital and environmental issues. In France, Kyndryl is a signatory to the Planet Tech'Care manifesto and has committed to measuring and reducing the environmental impact of our digital products and services.

University of Warsaw

Kyndryl partnered with the university's Green Thinking Matter initiative to contribute to its 'H2Othon hackathon.' With a focus on climate change action, participants developed progressive, actionable strategies for tackling pressing challenges. Kyndryl experts shared their knowledge and experience in project management, teamwork, design thinking and agile methodologies with hackathon participants, and joined the jury to analyze the final projects.

Inclusive Economies

Points of Progress: Cyber Rakshak

Kyndryl in partnership with Common Services Centers (CSC), under the Ministry of Electronics & IT, India, launched **Cyber Rakshak in January 2023**, a cybersecurity training initiative to equip women in rural and remote areas with new technology skills and help them emerge as Cyber Security Ambassadors. 5,084 Cyber Rakshaks were trained in 16 Districts across 6 States in India.

Watch the video to learn more.

Tent Partnership for Refugees

Kyndryl is part of the Tent Coalition for Refugees, a global network of over 300 diverse companies that focuses on hiring and training opportunities for refugees and strives to increase workforce inclusion and reduce the barriers refugees face when integrating with their host communities. As a Tent member, Kyndryl joined the Sunflower Project, Tent's initiative to accelerate the economic inclusion of Ukrainian refugee women in Europe through better access to employment. Kyndryl has provided language training classes in Poland for Ukraine refugees, as well as long-term refugee mentoring and hiring commitments.

Reconciliation Action Plan

Kyndryl Australia published its first Reconciliation Action Plan (RAP) that can be accessed via the Reconciliation Australia website. Kyndryl's RAP outlines a strategic framework and practical actions that we are taking to build strong relationships and enhance respect between Aboriginal and Torres Strait Islander peoples and other Australians. Kyndryl's public commitment to reconciliation exemplifies a holistic approach to investing in the creation of an inclusive economy.

Empowering Kyndryls to Meet Our Environmental Goals

We aim to build a diverse and inclusive environment that empowers employees to conserve electricity, energy, water and waste, and thereby reduce the associated emissions in their daily work. We are committed to developing the skills of our employees, and recognize that training can benefit the environment, our customers and Kyndryl. We are developing education and training programs to equip our employees with the knowledge to help us meet our overall environmental goals.

The base of our program is our **Mission Net Zero** course, available to all Kyndryls. This introductory course, available in 19 languages, provides employees with the tools to understand and communicate our net zero goals and environmental, social and governance strategies with our stakeholders.

For employees looking to go beyond our introductory **Mission Net Zero** course, we are working with the Carbon Literacy Trust to help Kyndryl employees train and become certified as Carbon Literate. The Carbon Literacy Project, developed by the non-profit Carbon Literacy Trust, is a program in which professionals learn the importance of reducing carbon footprints — on an individual and organizational level. To date, over 400 Kyndryls have completed the necessary training, which equates to over 2,400 hours of learning.

This year, Kyndryl U.S. became the first U.S. company to achieve the Carbon Literacy Trust's bronze Carbon Literate Organization award, and Kyndryl UKI (United Kingdom & Ireland) became the first UKI IT services company to achieve the award, which recognizes our commitment to climate action and sustainability. Kyndryl is working to provide employees in other regions

access to similar carbon literacy education programs.

Beyond the educational courses, motivated and empowered Kyndryls have joined together to create the **EcoStream Network**, a grassroots employee initiative focused on encouraging and implementing environmental activities. Launched in Poland, it has grown to include Kyndryls working in 37 countries. Participants volunteer their time to social initiatives like clean-up drives, tree-planting or other community projects, and grow internal awareness and culture around environmental sustainability topics.

4 Powering Progress for Trust

In this section

Our Approach
Accountability
Operating with Integrity
Our Approach to Advocacy and Public Policy

Our Approach

Kyndryl is committed to upholding the highest standards of corporate governance under our ESG principles. Kyndryl's purpose and mission are built on a central guiding principle: **Everything begins with trust.** Earning and maintaining trust is critical to delivering value to Kyndryl's customers, shareholders, partners and communities. We focus on two key areas to ensure our corporate governance is robust and effective: accountability and operating with integrity and transparency. These areas also align with the UNSDG's focus on building partnerships, infrastructures and working with industries to implement solutions.

> At Kyndryl, trust is a cornerstone of our core purpose and mission and is critical to our success as an enterprise. To meet that pledge, we maintain a commitment to accountability, risk management and operating with integrity and transparency, all overseen by a diverse, world-class Board of Directors."

Ed Sebold,
General Counsel and Corporate Secretary and Executive Sponsor of the Governance Working Group

Accountability

Kyndryl is committed to governance that emphasizes ESG leadership and accountability. We strive to ensure that our decisions, actions and investments are guided by our core values and responsibility. We take a holistic approach to corporate governance, which includes a focus on ESG metrics, as well as risk management, financial reporting and corporate purpose. This approach is essential to our goal of creating value for our stakeholders and making sure we are held accountable for our results. We take our corporate governance commitments seriously and strive to ensure that our impact on the world is positive and meaningful..

Leadership & Governance

Our commitment to building an inclusive and sustainable company starts at the top with our Board of Directors, who oversee our business on behalf of our shareholders.

Kyndryl's Board of Directors brings together 10 leaders with backgrounds in key industries and professions from an array of senior executive and leadership roles. Our directors empower our Board with operational experience, financial expertise and academic leadership, as well as extensive research and innovation experience. In addition, many of our directors have a background in facilitating technological change in their organizations and possess digital and cybersecurity experience.

10

leaders with a variety of backgrounds

Together, they bring a well-rounded perspective and offer a wealth of knowledge for understanding and navigating contemporary business issues so that we can continue to focus on our growth as an independent company.

Dominic J. Caruso

Denis Machuel

Jana Schreuder

Martin Schroeter

Janina Kugel

Stephen A. M. Hester

Howard I. Ungerleider

John D. Harris II

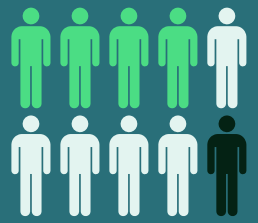
Shirley Ann Jackson

Rahul N. Merchant

Board Attributes

Overall Diversity*

Average age
61.9
years



50's
60's
70's

30%
Women

40%
Diverse
Race/Ethnicity

30%
Global Citizenship
Outside of the U.S.

90%
Independence

* 50% of directors are racially, ethnically and/or gender diverse.

Industry Expertise

- Chemicals
- Healthcare
- Services & Facilities Management
- Manufacturing
- Information Technology
- Aerospace & Defense
- Research & Development
- Financial Services & Insurance

Professional Experience

- Chief Executive Officer
- Chief Information Officer
- Vice President Business Development
- Chief Financial Officer
- Chief Operating Officer
- Theoretical Physicist
- University President
- Governmental Advisory Board Member
- Chief Human Resources Officer

Board Oversight of ESG Matters

Our Board has oversight of our ESG strategy and ensures the effective implementation of our ESG plans. In our first few months as an independent, public company, we implemented Board oversight of ESG matters to ensure cross-functional alignment in reaching our ESG goals. The Board established the oversight structure below to support management's execution of our ESG strategy, which has the full support of our CEO and senior management.

Board Oversight of ESG Strategy & Execution

Board of Directors		
Oversight of ESG Strategy		
Nominating & Governance Committee	**Compensation and Human Capital Committee**	**Audit Committee**
Governance Best Practices	Human Capital Management	Enterprise Risk Management
Board Composition and Diversity	Succession Planning	Cybersecurity
Climate change, environment, and supply chain	Inclusion, Diversity & Equity Programs	Data Privacy
Corporate Responsibility Matters	Role of ESG metrics in Compensation Strategy	Code of Conduct, Ethics, and Compliance
Investor Engagement		

Further, the company reports on our ESG program and relevant progress as part of our quarterly earnings on our website, in our FY23 Annual Report and 10-K filing, and 2023 Proxy Statement.

ESG Executive Committee

In addition to establishing board oversight of our ESG strategy, Kyndryl established a cross-functional management-level ESG Executive Committee in 2022 that meets monthly to ensure we are compliant with company, local and global policies. The ESG Executive Committee oversees the working groups dedicated to each of the three ESG domains (Environmental, People and Trust) as seen below:

ESG Executive Committee

Executive Roles	Committee Role
Chief Executive Officer	Executive Sponsor
Head of Global Corporate Affairs	Chairperson
Vice President of Sustainability & ESG	Leader of Environmental Working Group focused on climate change, environmental resource, supply chain, and overall ESG management
Vice President, Legal	Leader of People and Social Working Group focused on talent, diversity, CSR and compensation
Vice President, Legal	Leader of Trust and Governance Working Group focused on cybersecurity, data privacy, ethics, human rights and risk management
Chief Operating Officer	Executive Sponsor of Environmental Working Group
Chief Human Resources Officer	Executive Sponsor of Social Working Group
General Counsel and Corporate Secretary	Executive Sponsor of Governance Working Group
Chief Financial Officer	Committee Member

Ongoing updates to our Board of Directors on ESG initiatives are fulfilled through our ESG Executive Committee, overseen by our CEO and our Global Head of Corporate Affairs.

In addition to the ESG Executive Committee and Board oversight of ESG issues, we also support ESG risk mitigation and oversight of regulatory policies through the Enterprise Risk Management (ERM) Group.

Risk Management

Kyndryl's Enterprise Risk Management (ERM) program is designed to support strong governance models and assign responsibility for identifying and mitigating risks, including ESG-related risks.

> "Kyndryl's ERM program is focused on both existing and emerging risks. As significant developments occur with regards to ESG, ESG-related risks continue to be closely assessed and monitored as part of Kyndryl's ERM program."
>
> Kamal Dua
> *Chief Audit Executive at Kyndryl*

Kyndryl's ERM Project Management Office developed an initial list of risks across the company and provided it to the Risk Management Working Group (RMWG). Our RMWG meets multiple times annually and comprises key corporate and regional management, who provide input, review and validate enterprise risks. Each time RMWG receives a preliminary risk register from the ERM Project Management Office, RMWG leads a continuous risk assessment process.

Based on the risk assessment results, RMWG provides recommendations to the Risk Management Committee (RMC). They are comprised of senior executives who report into the CEO and present its recommendations to the CEO and audit committee of the board of directors. Our RMC meets twice a year and has final approval over the classification and ranking of risks, including ESG risks, within the company.

Managing ESG-Related Risks

Kyndryl's ERM program identifies and assesses its ESG risks across its operations. Management teams across all our countries, global practices and enterprise services complete the risk assessment surveys, ranking identified inherent and residual risks based on their impact on Kyndryl's operations and finances.

ESG Risk controls are developed and managed by the appropriate working council and reviewed with the Executive Sponsors of the ESG Executive Committee. The review ensures that appropriate mitigation efforts are coordinated across Kyndryl. At this stage, individual executive ownership is assigned throughout the company to enable a coherent risk-aware culture throughout the business.

Business Continuity

With the growing risk environment, it is imperative for organizations to have business continuity plans. Staying resilient, building resilience and maintaining resilience are top priorities for organizations worldwide. Kyndryl has comprehensive plans and processes in place that adhere to Kyndryl's worldwide enterprise policies, standards and guidelines, and help sustain its business by assessing potential scenarios. We have a well-established Business Continuity Management (BCM) system that provides a consistent framework, model, enablement and guidance to Kyndryl's Business Areas, and provides oversight to the overall BCM program and input to Kyndryl's ERM. The program includes governance and review of business continuity requirements based on impact and risk, as well as the creation, implementation and operation of Business Continuity Plans. Further, we regularly monitor and report on business continuity preparedness through testing and maintenance.

Operating with Integrity

Kyndryl is committed to responsible governance and operating with integrity. We strive to ensure that our corporate governance framework aligns with global best practices and international standards for corporate governance. We believe that our ESG-focused approach is essential to our long-term success, aligned with our cybersecurity, code of conduct, anti-corruption and human rights policies. We strive to ensure that our company is managed responsibly and ethically. We are constantly evaluating our policies and practices to make sure that they reflect the highest standards of corporate governance and integrity.

At Kyndryl, we set high standards for ethical conduct in areas ranging from corporate and social responsibility to compliance with all applicable laws and regulations.

Kyndryl Code of Conduct

A key tool to help all Kyndryls comply with applicable laws and regulations and navigate ethical situations that may come up in their daily work is the Kyndryl Code of Conduct, our newly revised code of ethics. The Kyndryl Code of Conduct serves as a mirror to hold up to leadership and to each other because all Kyndryls are accountable for behaving ethically.

Cybersecurity & Data Privacy

We believe trust must be earned, and faithful stewardship of customer and employee data and privacy is paramount. Our company's cybersecurity and data privacy program helps ensure we govern and protect data through its lifecycle. The program, run by our highly experienced cybersecurity and data privacy team, integrates policies

[13] 100% of the non-exempted employees completed our Kyndryl Code of Conduct training as of March 17, 2023. Employees on leave of absence, extended sickness or accident leave, pending termination of employment or similar circumstances may be exempted.

aligned to our global regulatory environment, and includes technical controls and protections.

The program is led by Kyndryl's Chief Information Security Officer and Chief Privacy and Regulatory Officer and includes members from across the organization with deep cybersecurity, privacy, and local and global regulatory experience. These members have experience in multiple sectors, including the U.S. financial, aerospace, defense and other heavily regulated industries. This cross-functional experience allows Kyndryl to operate a highly effective and risk aligned information security and privacy program. Our experts meet monthly to review program performance, including operational metrics, evaluate emerging threats and refine risk management strategies.

The Chief Information Security Officer and Chief Privacy and Regulatory Officer also participate as members of the Cybersecurity and Privacy Risk Management Committee. This Committee shapes the programs and strategies that protect Kyndryl, enabling the organization to remain resilient while being compliant with local and global regulations. The Committee's leadership team regularly briefs the Audit Committee of the Board of Directors and periodically updates to the full Board.

The cybersecurity program is governed through an ISO27002 aligned policy. Processes are aligned to National Institute of Standards & Technology (NIST) guidance and other equivalent global benchmarks. The program focuses on cyber hygiene, building cybersecurity by design and cybersecurity education and awareness. These initiatives integrate Kyndryl's modern cybersecurity capabilities to identify, protect, detect, respond and, if necessary, recover and manage cybersecurity threats.

The maturity of the overall program is assessed annually against the Cybersecurity Capability Maturity Model (C2M2) and through a yearly independent third-party assessment. The third-party cyber risk program is integrated into the procurement process in order to identify and evaluate risk associated with third party suppliers. Kyndryl regularly conducts application testing and system scanning to better understand and manage the threat landscape.

"Maintaining trust from our customers, partners, employees and stakeholders guides our restless focus on a constantly maturing cybersecurity program that adapts to changes in threats, risks and technology."

Cory Musselman
Kyndryl Chief Information Security Officer

Kyndryl is committed to protecting the privacy and confidentiality of personal information of its employees and any personal information that customers and business partners share with Kyndryl. Uniform practices for collecting, using, disclosing, storing, accessing, transferring or otherwise processing such information assist Kyndryl to process personal information fairly and appropriately, disclosing it and/or transferring it only under appropriate circumstances. Kyndryl's data privacy policy is aligned with the EU's General Data Protection Regulation (GDPR) and applied globally.

For more information on our cybersecurity and privacy efforts, please see our Kyndryl Privacy Statement, as well as supplemental statements, including California Supplemental Privacy Statement, Talent request for Customer Data and Privacy, and Governmental Requests for Customer Data, and Privacy—Your Additional Rights documents.

Training

As part of The Kyndryl Way to be a **Flat** organization that builds empowered, inclusive and accountable teams, we believe that our workforce is a multiplier for cybersecurity and privacy awareness, that all employees are responsible for their actions, including protecting our operations and our company's and customers' data.

We require employees to complete annual, mandatory cybersecurity and data privacy training to ensure our operations are safe and secure. We also operate a robust phishing test program that incorporates external threats with internal cybersecurity intelligence to continually improve employee awareness. Additionally, we operate comprehensive learning modules to help employees develop skills to act ethically, avoid cyber risks and mitigate them if they do occur.

Human Rights Policy

As a technology services company, our success depends on the physical and psychological safety of Kyndryls and the suppliers who support our operations, products and services. Kyndryl's Human Rights Policy identifies the most important ways technology affects people and how, as a technology services company, we can reduce any adverse effects.

Our vision is to be a catalyst for positive change at the intersection of people and technology. To ensure equitable operations, our Human Rights Policy addresses technology-related issues like data privacy, cybersecurity and data stewardship, along with operational issues like supply chain management through the lens of human rights. We also have established policies to govern our corporate behavior around labor, health and safety, community engagement and modern day slavery statement.

Anti-Corruption Policy

Kyndryl has designed policies and processes to drive compliance with the U.S. Foreign Corrupt Practices Act and other anti-bribery laws. In some countries, we have implemented additional policies and processes to comply with specific local requirements.

Kyndryl, under the reporting guidelines of the U.S. Securities and Exchange Commission, maintains these requirements for reporting and internal control purposes, and keeps books, records and accounts that are in conformity with Generally Accepted Accounting Principles (GAAP) and are also designed to prevent off-the-books transactions such as kickbacks and bribes.

Anti-Bribery

Kyndryl's anti-bribery management system is designed to prevent and detect bribery. Kyndryl summarizes the main components of its anti-bribery management system in our Framework of Internal Control. Kyndryl is committed to and makes continual enhancements to our anti-bribery management system.

Whistleblowing

Kyndryl provides communications channels for employees, suppliers, alliance partners and others to report any concern related to the potential violations of the Kyndryl Code of Conduct, Kyndryl policies or any other suspected unethical or unlawful conduct through our enterprise Reporting Concerns Portal. Kyndryl has a strong no-retaliation policy related to any such reporting.

We have a dedicated Employee Concerns team in place to investigate bullying, harassment, discrimination, retaliation, favoritism, inappropriate romantic/familial relationships, and disciplinary actions or dismissals alleged to be discriminatory or retaliatory.

ISO Certifications

The International Organization for Standardization (ISO) is a worldwide federation of national standards bodies from 140 countries. The majority of ISO standards are specific to a particular product, material, or process. Kyndryl meets applicable ISO standards through general Kyndryl practices and processes.

A full list of Kyndryl's ISO certifications can be found here.

Our Approach to Advocacy and Public Policy

We understand the issues facing businesses that require global dialogue

with key stakeholders including regional, national, and local policymakers. For example, our CEO has participated at the Business Roundtable, an association of more than 200 CEOs of America's leading companies, representing every sector of the U.S. economy. On behalf of our industry, business, customers, and employees, we work with elected officials and regulatory agencies on issues such as

- Climate Risk & Resiliency
- Responsible Legal & Regulatory Engagement
- Cybersecurity, Privacy, Data Protection, AI, IP, Spectrum and Tax

Kyndryl belongs to organizations within the key countries in which it operates, helping to drive business relations and innovation. For example, we belong to the Business Roundtable, Information Technology Industry Council (ITI) and U.S. Chamber of Commerce in the U.S., TechUK, US-India Strategic Partnership Forum (USISPF) and the Japan Electronics and Information Technology Industries Association (JEITA).

A list of global partnerships that Kyndryl participates in can be found here. Kyndryl will not endorse, support, or make contributions or payments to any political parties or candidates, including through political action committees, campaign funds, trade or industry associations, or similar organizations

About this Report and Forward-Looking Statements

This Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may be identified by the use of words such as "will," "anticipate," "predict," "project," "contemplate," "plan," "forecast," "estimate," "expect," "intend," "goal," "target," "may," "should," "would," "could," "seek," "aim" and similar words or expressions or the negative thereof or other variations thereon. These statements and other statements involving our ESG practices involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied, including as the result of changes in circumstances, estimates that turn out to be incorrect, standards of measurements that change over time, assumptions not being realized or other risks and uncertainties. For a more detailed discussion of these factors, see the information under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC). Our forward-looking statements speak only as of the date of this Report or as of the date they are made and we assume no obligation to update or revise any forward-looking statements, except as required by law.

Historical, current, and forward-looking environmental and social-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. Statements regarding our ESG targets, goals and commitments are aspirations and we caution you that these statements are not guarantees of future performance, nor promises that commitments, goals or targets will be met, and are subject to numerous and evolving risks and uncertainties that we may not be able to predict or assess. Actual results may differ, possibly materially. In some cases, we may adjust our commitments, goals or targets or establish new ones to reflect changes in our business, operations or plans and we have no duty to update this Report. Furthermore, data, statistics and metrics included in this report are [often] nonaudited estimates, are not prepared in accordance with GAAP, continue to evolve and may be based on assumptions believed to be reasonable at the time of preparation but may be subject to revision. This Report speaks only as of its date and none of the statements are required to be updated for any subsequent events or circumstances.

5 Kyndryl Fiscal Year 2023 Data Book

In this section

Methodology & Independent Assurance Statements
Key Performance Indicators
TCFD Framework
SASB Disclosure
GRI Content Index
CDP Questionnaire
Global Partnerships

GHG Emissions, Water and Waste Methodology and Independent Assurance Statements

Greenhouse Gas Emissions

We conducted extensive groundwork to develop our 2040 long-term and 2030 near-term net zero emissions goals, starting with calculating our GHG footprint to establish our baseline emissions levels for our fiscal year 2023 (April 1, 2022, to March 31, 2023). To promote the accuracy and integrity of our reporting, we engaged PricewaterhouseCoopers LLP to perform a limited assurance engagement on certain scope 1 and scope 2 GHG emissions metrics and ERM Certification & Verification Services Incorporated (ERM CVS) to perform a limited assurance engagement on certain scope 3 GHG emissions metrics. Details of the methodologies used to calculate our baseline and the third-party validation are provided below.

Scope 1 & 2 Independent Assurance Statement and Methodology

pwc

Report of Independent Accountants

To the Board of Directors of Kyndryl Holdings, Inc.

We have reviewed the accompanying management assertion of Kyndryl Holdings, Inc. (Kyndryl) that the greenhouse gas (GHG) emissions metrics for the year ended March 31, 2023 in management's assertion are presented in accordance with the assessment criteria set forth in management's assertion. Kyndryl's management is responsible for its assertion and for the selection of the criteria, which management believes provide an objective basis for measuring and reporting on the GHG emissions metrics. Our responsibility is to express a conclusion on management's assertion based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) in AT-C section 105, *Concepts Common to All Attestation Engagements*, and AT-C section 210, *Review Engagements*. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to management's assertion in order for it to be fairly stated. The procedures performed in a review vary in nature and timing from, and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed. We believe that the review evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

The firm applies the Statements on Quality Control Standards established by the AICPA and, accordingly, maintains a comprehensive system of quality control.

The procedures we performed were based on our professional judgment. In performing our review, we performed inquiries, performed tests of mathematical accuracy of computations on a sample basis, read relevant policies to understand terms related to relevant information about the GHG emissions metrics, reviewed supporting documentation in regard to the completeness and accuracy of the data in the GHG emissions metrics on a sample basis, and performed analytical procedures.

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.

As discussed in management's assertion, Kyndryl has estimated GHG emissions for certain emissions sources for which no primary usage data is available.

Based on our review, we are not aware of any material modifications that should be made to Kyndryl's management assertion in order for it to be fairly stated.

PricewaterhouseCoopers LLP

New York, New York
August 2, 2023

PricewaterhouseCoopers LLP, 300 Madison Avenue, New York, NY 10017
T: (646) 471 3000, www.pwc.com/us

Kyndryl Holdings, Inc. Management Assertion For the Year Ended March 31, 2023 (FY 2023)

Overview

With respect to the greenhouse gas (GHG) emissions metrics for the fiscal year ended March 31, 2023 (FY 2023) presented in Table 1, management of Kyndryl Holdings, Inc. (Kyndryl) asserts that the GHG emissions metrics are presented in accordance with the assessment criteria set forth below.

Kyndryl is responsible for the selection of the criteria, which management believes provide an objective basis for measuring and reporting on the GHG emissions metrics, and for the completeness, accuracy, and validity of the GHG emissions metrics. Kyndryl's GHG emissions metrics are rounded to the nearest thousand.

Organizational Boundary

Kyndryl uses the operational control approach to account for and report its GHG emissions metrics. This includes owned sites, leased sites, serviced sites (only the portion of electricity required to support the Kyndryl IT load), sites with transition service agreements (TSA) from our spin-off structure, and US-based owned vehicles (collectively referred to as "sites"). Emissions from leased vehicles and non-US-based owned vehicles are currently being evaluated for inclusion in subsequent reporting. GHG emissions at serviced sites are treated as scope 3 GHG emissions and excluded from this assertion, with the exception of the portion of electricity required to support the Kyndryl IT load at our serviced sites, which is included in scope 2 GHG emissions. Sites with TSAs are those whose ownership transferred to a third-party during the spin-off but for which Kyndryl still has operational control based on a contractual agreement that was created to address certain site-related activities, such as payment of utility bills for a defined period with reimbursement by Kyndryl.

Table 1: Metrics – GHG Emissions

Definition of Metric [1,2,3,4]	Quantity
Scope 1 GHG Emissions [5,7] Direct GHG emissions from stationary combustion, mobile combustion, and fugitive releases of refrigerants.	37,000 Metric Tons CO2e
Scope 2 GHG Emissions (location-based)[6,7] Indirect GHG emissions from the generation of electricity, steam, hot water, and chilled water purchased by Kyndryl for site operations using the location-based method.	399,000 Metric Tons CO2e
Scope 2 GHG Emissions (market-based)[6,7] Indirect GHG emissions from the generation of electricity, steam, hot water, and chilled water purchased by Kyndryl for site operations using the market-based method.	281,000 Metric Tons CO2e

GHG Emissions Disclosures

1. 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.
2. 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.

3. The sites included within our organizational boundary are determined through the use of internal systems which are utilized for tracking leases and assets. The boundary includes sites that met the organizational boundary criteria as of the beginning of FY 2023.
4. Carbon dioxide equivalent (CO_2e) emissions are inclusive of carbon dioxide (CO_2), nitrous oxide (N_2O), methane (CH_4), and industrial gases such as hydrofluorocarbons (HFCs). Not emitted at Kyndryl's sites are perfluorocarbons (PFCs), nitrogen trifluoride (NF_3), and sulfur hexafluoride (SF_6). These CO_2e emissions utilize Global Warming Potentials (GWPs) defined by the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report (AR 6, 100-year horizon), except for purchased electricity where a subset of emission factors are provided with an embedded GWP. In such cases, the embedded GWP is applied without conversion to AR 6. GWP values related to fugitive releases of refrigerants are sourced from either WMO Scientific Assessment of Ozone Depletion[1] or Refrigeration, Air Conditioning and Heat Pumps Technical Options Committee 2018 Assessment Report.[2] CO_2e emissions are calculated by multiplying actual or estimated energy/fuel usage or refrigerant gas loss by the relevant emission factor and/or GWP. All emission factors are reviewed annually. Emissions data by individual gas is not disclosed as a majority of CO_2e in Table 1 relates to CO_2.
5. Related to Scope 1 GHG emissions:
   a. Emissions from stationary combustion of fossil fuels in stationary equipment and machinery at Kyndryl sites (natural gas, liquified petroleum gas (LPG), fuel oil #2, and diesel):
      i. Natural gas and diesel usage was determined by applying one of the following two methods:
         1. Monthly fuel usage data was either:
            a. collected from third-party invoices obtained from our site management vendors, or
            b. estimated by applying a seasonally appropriate value based on available current fiscal year or historical data for the same site. This estimation accounts for approximately 22% of stationary combustion related activity data, a majority of which relates to the accrual of Q4 activity data.
         2. Where natural gas and/or diesel usage was not available, site level fiscal year usage was estimated based on a Kyndryl specific intensity ratio. Specifically, a ratio of actual natural gas or diesel usage to purchased electricity usage was calculated for sites with actual natural gas or diesel usage. The ratio was then applied to the purchased electricity usage of sites for which natural gas or diesel usage data was not available. This estimation accounts for approximately 43% of stationary combustion related activity data.
      ii. LPG and fuel oil #2 usage was determined as follows:
         1. Monthly fuel usage data was either:
            a. collected from third-party invoices obtained from our site management vendors, or
            b. estimated by applying a seasonally appropriate value based on available current fiscal year or historical data for the same site. This estimation accounts for less than 1% of stationary combustion related activity data, a majority of which relates to the accrual of Q4 activity data.
   b. Emissions from mobile combustion of fossil fuels in the US mobile fleet owned by Kyndryl (gasoline):
      i. Fuel usage was estimated using an assumed gasoline usage rate of 20 gallons per vehicle per month across the count of US owned vehicles as provided by the internal vehicle management team. This estimation accounts for 100% of mobile combustion related activity data.
   c. Emissions from fugitive releases of refrigerants at Kyndryl sites:
      i. HFCs are related to replenishment of refrigerants. Refrigerant gas loss is calcu-

[1] WMO (World Meteorological Organization), Scientific Assessment of Ozone Depletion: 2018, Global Ozone Research and Monitoring Project – Report No. 58, 588 pp., Geneva, Switzerland, 2018

[2] Refrigeration, Air Conditioning and Heat Pumps Technical Options Committee 2018 Assessment Report as published by the United Nations Environment Programme.

lated based on site-specific refrigerant management records. The calculation assumes that the period in which the refrigerant was re-filled is the same as the period in which it was released.

ii. The final month of the fiscal year was estimated by annualizing the releases from the first eleven months of the fiscal year. This estimation accounts for approximately 8% of fugitive release emissions.

6. Related to Scope 2 GHG emissions:

a. Emissions from the generation of electricity, steam, hot water, and chilled water purchased by Kyndryl for site operations:

i. Purchased electricity, steam, hot water, and chilled water usage was determined by applying one of the following two methods:

1. Monthly usage data was either:

a. collected from third-party invoices obtained from our site management vendors, or

b. estimated by applying a seasonally appropriate value based on available current fiscal year or historical data for the same site. This estimation accounts for approximately 34% of purchased electricity, steam, hot water and chilled water related activity data, a majority of which relates to the accrual of Q4 activity data.

2. Where purchased electricity, steam, hot water, or chilled water data was not available, site level fiscal year usage was estimated based on a Kyndryl specific intensity ratio. Specifically, a ratio of actual usage to facility area in square feet was calculated for sites with actual purchased electricity, steam, hot water, or chilled water data. The ratio was then applied to the facility area of sites for which purchased electricity, steam, hot water, or chilled water data was not available. This estimation accounts for approximately 4% of purchased electricity, steam, hot water and chilled water related activity data.

b. GHG emissions from purchased energy using the market-based method considered renewable electricity sourced from energy contracts, property owners, or by retiring Guarantees of Origin (GOs) and Renewable Energy Credits (RECs).

i. Renewable electricity applicable to the 2023 calendar year have been contracted for and will be retired at a future date according to the partner's schedule.

7. Emission factors applied by scope and source are as documented in *Table 2: Emission Factors* on the following pages.

Table 2: Emission Factors

GHG Emissions Scope	Emissions Source	Emission Factors *Taxonomy – Country: (Proxy emission factor, if applicable) Title of Source Document, Emission Factor Year if other than the most recent in the publication (Version and / or Publication Year)*
Scope 1	Natural Gas	**Australia**: Australian National Greenhouse Accounts Factors (2023) **Canada**: National Inventory Report 1990–2020: Greenhouse Gas Sources and Sinks in Canada Part 2 (2022) **Japan**: (Indigenous natural gas) National Greenhouse Gas Inventory Report of Japan (2022) **Mexico**: Calculadora de emisiones para el Registro Nacional de Emisiones (v8, 2022) **New Zealand**: Measuring emissions: A guide for organisations – 2022 detailed guide (v3, August 2022) **United Kingdom (UK)**: UK Government GHG Conversion Factors for Company Reporting (v2.0,2022) **United States (US)**: US Environmental Protection Agency (EPA) Emission Factors for GHG Inventories (2022) **All other countries**: World Resources Institute (WRI) GHG Protocol Tool for stationary combustion (v4.1, 2015)
	LPG	**Australia**: Australian National Greenhouse Accounts Factors (2023) **Canada:** (Refinery LPGs) National Inventory Report 1990–2012: Greenhouse Gas Sources and Sinks in Canada Part 2 (2014) **Hong Kong**: Hong Kong Carbon Accounting guidelines (2010) **Japan**: National Greenhouse Gas Inventory Report of Japan (2022) **Mexico:** Calculadora de emisiones para el Registro Nacional de Emisiones (v8, 2022) **New Zealand**: Measuring emissions: A guide for organisations – 2022 detailed guide (v3, August 2022) **UK**: UK Government GHG Conversion Factors for Company Reporting (v2.0, 2022) **US**: US EPA Emission Factors for GHG Inventories (2022) **All other countries**: WRI GHG Protocol Tool for stationary combustion (v4.1, 2015)

GHG Emissions Scope	Emissions Source	Emission Factors *Taxonomy – Country: (Proxy emission factor, if applicable) Title of Source Document, Emission Factor Year if other than the most recent in the publication (Version and / or Publication Year)*
Scope 1	Fuel Oil #2	**Australia**: (Diesel oil) Australian National Greenhouse Accounts Factors (2023) **Canada**: (Light Fuel Oil – Forestry, Construction, Public Administration, Commercial/Institutional) National Inventory Report 1990–2020: Greenhouse Gas Sources and Sinks in Canada Part 2 (2022) **New Zealand**: (Light Fuel Oil) Measuring emissions: A guide for organisations – 2022 detailed guide (v3, August 2022) **UK**: (Gas Oil) UK Government GHG Conversion Factors for Company Reporting (v2.0, 2022) **US**: US EPA Emission Factors for GHG Inventories (2022) **All other countries**: (Gas/Diesel oil) WRI GHG Protocol Tool for stationary combustion (v4.1, 2015)
	Diesel	**Australia**: (Diesel oil) Australian National Greenhouse Accounts Factors (2023) **Canada**: (Light Fuel Oil – Forestry, Construction, Public Administration, Commercial/Institutional) National Inventory Report 1990–2020: Greenhouse Gas Sources and Sinks in Canada Part 2 (2022) **Hong Kong**: Hong Kong Carbon Accounting guidelines (2010) **Japan**: (Gas oil or diesel oil (crude oil origin)) National Greenhouse Gas Inventory Report of Japan (2022) **Mexico**: Calculadora de emisiones para el Registro Nacional de Emisiones (v8, 2022) **New Zealand**: Measuring emissions: A guide for organisations – 2022 detailed guide (v3, August 2022) **UK**: (Gas Oil) UK Government GHG Conversion Factors for Company Reporting (v2.0, 2022) **US**: (Distillate fuel oil #2) US EPA Emission Factors for GHG Inventories (2022) **All other countries**: (Gas/Diesel oil) WRI GHG Protocol Tool for stationary combustion (v4.1, 2015)
	Gasoline	**US**: (Motor Gasoline under Petroleum Products) US EPA Emission Factors for GHG Inventories (2022)

Table 2: Emission Factors *(cont.)*

GHG Emissions Scope	Emissions Source	Emission Factors *Taxonomy – Country: (Proxy emission factor, if applicable) Title of Source Document, Emission Factor Year if other than the most recent in the publication (Version and / or Publication Year)*
Scope 2	Purchased Electricity (location-based)	**Australia**: Australian National Greenhouse Accounts Factors (2023) **Canada**: National Inventory Report 1990–2020: Greenhouse Gas Sources and Sinks in Canada Part 2 (2022) **European Union (EU)**: European Environment Agency CO_2–emission intensity from electricity generation [Country Level], 2020 EF (June 2023) **Mexico**: Calculadora de emisiones para el Registro Nacional de Emisiones (v8, 2022) **New Zealand**: Measuring emissions: A guide for organisations – 2022 detailed guide (v3, August 2022) **UK**: UK Government GHG Conversion Factors for Company Reporting (v2.0, 2022) **US**: US EPA Emissions & Generation Resource Integrated Database (eGRID) (2022) **All other countries**: IEA Emissions Factors, 2020 EF (2022)
	Purchased Electricity (market-based)	**Renewable electricity from energy contracts, property owners, or by retiring GOs or RECs: Treated as zero emissions.** **After application of renewable electricity to electricity usage:** • **Utility-specific market-based emission factors for the most recent year provided by the utility provider.** • **EU (CO2 only): European Residual Mixes 2021 (v1.0, 2022)** • **EU (CH4 and N2O) and all other countries: Same as the location-based emission factors.**
	Purchased Steam (location-based and market based)	**US and Canada: US Energy Star Portfolio Manager Technical Reference: Greenhouse Gas Emissions (August 2022)** **All other countries: UK Government GHG Conversion Factors for Company Reporting (v2.0, 2022)**

GHG Emissions Scope	Emissions Source	Emission Factors *Taxonomy – Country: (Proxy emission factor, if applicable) Title of Source Document, Emission Factor Year if other than the most recent in the publication (Version and / or Publication Year)*
Scope 2	Purchased Chilled Water (location-based and market based)	**US and Canada: (District Chilled Water – Electric Driven Chiller) US Energy Star Portfolio Manager Technical Reference: Greenhouse Gas Emissions (August 2022)** **All other countries: Calculated using the relevant country's purchased electricity emission factor and a conversion factor as obtained from the US Energy Information Administration (EIA) Form 1605 Appendix N (2010)**
	Purchased Hot Water (location based and market-based)	**US and Canada: US Energy Star Portfolio Manager Technical Reference: Greenhouse Gas Emissions (August 2022)** **All other countries: UK Government GHG Conversion Factors for Company Reporting (v2.0, 2022)**

Scope 3 Independent Assurance Statement and Methodology

Independent Limited Assurance Report to Kyndryl Holdings, Inc.

ERM Certification & Verification Services Incorporated ("ERM CVS") was engaged by Kyndryl Holdings, Inc. ("Kyndryl") to provide limited assurance in relation to the selected information set out below and presented in the Kyndryl FY 2023 Corporate Social Responsibility Report (the "Report").

Engagement summary	
Scope of our assurance engagement	Whether the FY 2023 data for the following selected disclosures, as indicated in the 'Operational Footprint' subsection of the 'Environmental Section' are fairly presented in the Report, in all material respects, in accordance with the reporting criteria. **Disclosure:** Scope 3 GHG Emissions by category and total comprised of the following: • Category 1: Purchased goods and services • Category 2: Capital goods • Category 3: Fuel-and energy related activities • Category 5: Waste generated in operations • Category 6: Business travel • Category 7: Employee commuting **Unit:** metric tons of CO_2e Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.
Reporting period	April 2022 – March 2023 (FY 2023)
Reporting criteria	• WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Standard (April 2013) • Kyndryl's Inventory Management Plan
Assurance standard and level of assurance	We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Standards Board. The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
Respective responsibilities	Kyndryl is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing, and maintaining of internal controls relevant to the preparation and presentation of the Report. ERM CVS' responsibility is to provide conclusions to Kyndryl on the agreed scope based on our engagement terms with Kyndryl, the assurance activities performed and exercising our professional judgement. We accept no responsibility, and deny any liability, to any party other than Kyndryl for the conclusions we have reached.

Our conclusion

Based on our activities, as described below, nothing has come to our attention to indicate that the FY 2023 data and information for the disclosures listed under 'Scope' above are not fairly presented in the Report, in all material respects, in accordance with the reporting criteria.

Emphasis of matter

Category 7 employee commuting emissions represent a material portion (14%) of Kyndryl's total Scope 3 emissions. The emissions calculation methodology relies on an average employee commuting emission factor from the Quantis Scope 3 evaluator tool which is based on driving distances and modal splits from 2014 US Department of Transportation data. Our opinion is not modified with respect to that matter.

Our assurance activities

Considering the level of assurance and our assessment of the risk of material misstatement of the Report a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Assessing the appropriateness of the reporting criteria for the Report
- Interviews with management representatives responsible for managing the selected issues.
- Interviews with relevant staff to understand and evaluate the relevant management systems and processes (including internal review and control processes) used for collecting and reporting the selected disclosures.
- A review at corporate level of a sample of qualitative and quantitative evidence supporting the reported information.
- An analytical review of the FY 2023 data for the selected disclosures which included testing the completeness and mathematical accuracy of conversions and calculations, and consolidation in line with the stated reporting boundary.
- Confirming conversion and emission factors and assumptions used.
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

The limitations of our engagement

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating, or estimating the underlying information. It is important to understand our assurance conclusions in this context. Our work was undertaken remotely. We did not undertake source data verification at any operated facilities.

Our independence, integrity, and quality control

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly, we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (FY 2023).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence, and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of the IESBA Code relating to assurance engagements.

ERM CVS has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to Kyndryl in any respect.

Beth C. B. Wyke

Beth Wyke
Head of Corporate Assurance Services
Malvern, PA

August 15, 2023

ERM Certification & Verification Services Incorporated
www.ermcvs.com | post@ermcvs.com

ERMCVS

Using industry best practices, following the guidance from the WRI/WBCSD GHG Protocol's *Corporate Value Chain (Scope 3)* and evaluating Kyndryl's business model, Kyndryl determined what scope 3 categories to include/exclude in our baseline as indicated by the table below.

Table 3: Scope 3 Categories

Scope 3 Approach	Scope 3 Category	Status
Category 1	Purchased goods and services	Included
Category 2	Capital goods	Included
Category 3	Fuel and energy related activities, not included in scope 1 and 2	Included
Category 4	Upstream transport	Included
Category 5	Waste generated in operations	Included
Category 6	Business travel	Included
Category 7	Employee commuting	Included
Category 8	Upstream leased assets	Excluded
Category 9	Downstream transport	Excluded
Category 10	Processing of sold products	Excluded
Category 11	Use of sold products	Excluded
Category 12	End of Life (EoL) treatment of sold products	Excluded
Category 13	Downstream leased assets	Excluded
Category 14	Franchises	Excluded
Category 15	Investments	Excluded

The methodology for data collection, analysis and estimation for each applicable category is provided below. The following categories of data were analyzed separately before being combined to give a full understanding of Kyndryl's scope 3 emissions.

Purchased Goods and Services (Category 1) and Capital Goods (Category 2)

To calculate Kyndryl's category 1 and 2 emissions, we used a spend-based method in line with the GHG Protocol's *Technical Guidance for Calculating Scope 3 Emissions* where data on the economic value/amount spend of purchased goods and services and capital goods were collected and then multiplied by the relevant environmentally extended input-output (EEIO) emission coefficients from the EPA Supply Chain.

Fuel and Energy Related Activities (Category 3)

Kyndryl's category 3 emissions are composed of emissions from transmission and distribution (T&D) losses and upstream emissions of direct and indirect energy and fuel. T&D losses were calculated by multiplying the compiled purchased electricity data (methodology described above in 'Scope 1 & 2' section) by the appropriate grid loss coefficients (derived from multiple sources such as the US EPA e-Grid and International Energy Agency (IEA); industry average data method) depending on the location of the sites. The upstream emissions of direct and indirect energy and fuel were calculated based on the well-to-tank (WTT) approach. Compiled electricity and fuel consumption data (methodology described above in 'Scope 1 & 2' section) was multiplied by WTT emissions factors, which were obtained from the United Kingdom Government's Department of Business, Energy & Industrial Strategy (UK GOV BEIS).

Upstream Transportation and Distribution (Category 4)

The well-to-wheel (WTW) method was used to measure Kyndryl's category 4 emissions for the full life cycle analysis of transportation, from raw material extraction to use, for the outsourced logistics services used to transport or distribute products from tier 1 suppliers to the reporting company facilities, or transport between the reporting company's own facilities. As emissions related to this category are minimal, this was not covered

under the third-party assurance process. Emissions calculations were conducted by a Kyndryl transportation service provider covering approximately 60% of Kyndryl's total transportation and then extrapolated to estimate total category 4 emissions.

Waste Generated in Operations (Category 5)

Kyndryl's category 5 emissions come from general waste generated from operations and wastewater treatment. The waste-type specific measurement basis was followed using the US Environmental Protection Agency's (EPA) Waste Reduction Model (WARM) model to determine disposal methods and corresponding emission. Collected waste data were assessed, categorized and harmonized based on the EPA's disposal methods and material type respectively, and corresponding emission factors were applied to calculate emissions. Emissions from the wastewater treatment were calculated based on Kyndryl's activity data related to water withdrawal and discharge and applying the UK GOV BEIS emission factors (2022).

Business Travel (Category 6)

Kyndryl's emissions from business travel activities were calculated using a hybrid approach, including distance- and spend-based methods. Supplier-specific emissions data was collected from Kyndryl's main business travel service provider. Emission calculations conducted by the supplier used a distance-based method and UK Defra (Department for Environment, Food & Rural Affairs) emission factors. Business-related emissions occurring outside of Kyndryl's main business travel service provider were estimated using the spend-based method using EPA emission factors.

Employee Commuting (Category 7)

The average method was used to estimate the emissions from employee commuting based on average data on commuting patterns of employees between their homes and their worksites. Quantis's average emission factor (2021) for employee commuting was multiplied by Kyndryl's total number of employees and the workplace indicator to estimate emissions from employee commuting.

Upstream Leased Assets (Category 8)

An analysis of fiscal year 2023 source spend data indicated two types of leased assets —auto leases and IT equipment leases. Emissions corresponding to both of these assets were included in scope 2 and scope 3 categories 1 and 2 based on how Kyndryl collects this data currently. Emissions from leased vehicles are currently being evaluated for inclusion in scope 1 GHG emissions for subsequent reporting.

End-of-life treatment of sold products (Category 12)

Due to the current processes and disposal methods in place, all product end-of-life management (PELM) is treated similarly as operational waste. Insignificant quantities of electronic equipment sold to customers are collected as waste and processed by third party logistics and waste processing contractor. However, the actual quantity is not available as this is rolled up and reported under PELM waste that also includes waste collected from our facilities. Therefore, emissions corresponding to PELM are included under scope 3 category 5.

Excluded Categories

Categories 9, 10, 11, 13, 14, and 15 are excluded as Kyndryl is not a product manufacturing company and does not own franchises or downstream leased assets.

Waste

Kyndryl collects data on both hazardous and non-hazardous waste. Multiple waste streams may comprise of hazardous waste including refrigerants, batteries, aerosol cans, chemical waste, etc. And multiple waste streams may comprise of non-hazardous waste including mixed waste, organic waste, food waste, durable goods, etc. Waste data was collected where available at Kyndryl owned and leased sites that operated in fiscal year 2023. Serviced sites were not considered for non-PELM waste as Kyndryl does not have any financial or operational control over waste management. Where waste data was not available, estimates were made using a proxy factor based on average waste generated at sites/electricity load (for data centers) or average waste generated at sites/square footage (for non-data center sites) For PELM waste, which comes from owned and leased sites that operated in fiscal year 2023 as well as serviced sites, our logistics and waste service providers provide us with data quarterly.

Water

Kyndryl collects water data where available at our owned and leased sites that operated in fiscal year 2023. Serviced sites were not included as Kyndryl does not have any financial or operational control over water management. Water data currently includes a breakdown of water withdrawn (for supply to the site) and wastewater discharged from each facility. The difference between the two is calculated as water consumption. In instances where only water withdrawn data is available for sites with data centers, a proxy factor (ratio of wastewater discharged to water withdrawn calculated using Kyndryl actual data) is used to estimate wastewater discharge data. This estimated wastewater discharge and the actual water withdrawn data are then used to estimate water consumption for a given site. For sites without data centers (i.e., offices) it is assumed that all water withdrawn is discharged as wastewater as there is no cooling or any other operations occurring at the site that results in material water consumption. For sites with data centers where both wastewater discharged and water withdrawn are not available, proxy factors (water withdrawn divided by electricity load and wastewater discharged divided by electricity load) based on Kyndryl sites with actual data were used to estimate water withdrawn and wastewater discharged. For sites with no data centers (i.e., offices), proxy factors based on building area (water withdrawn divided by building square footage and wastewater discharged divided by building square footage) were used to estimate water withdrawn and wastewater discharged.

Key Performance Indicators

This section provides Kyndryl's KPIs based on fiscal year 2023, with exceptions where noted. Reporting boundaries for the environmental KPIs are explained in the 'GHG Emissions, Water and Waste Methodology and Independent Assurance Statements' section.

Table 4: Scope 1 and 2 GHG Emissions

Scope	Quantity (Metric Tons CO_2e)	% of Total Emissions[3]
Scope 1 GHG Emissions (Facilities) Direct GHG emissions from stationary combustion	31,000	3.0%
Scope 1 GHG Emissions (Refrigerant) Direct GHG emissions from fugitive releases of refrigerants	6,000	0.6%
Scope 1 GHG Emissions (Fleet) Direct GHG emissions from mobile combustion	<1,000	0.002%
Scope 2 GHG Emissions (location-based) Indirect GHG emissions from the generation of electricity, steam, hot water, and chilled water purchased by Kyndryl for site operations using the location-based method.	399,000	–
Scope 2 GHG Emissions (market-based) **Indirect GHG emissions from the generation of electricity, steam, hot water, and chilled water purchased by Kyndryl for site operations using the market-based method.**	281,000	26.9%
Total Scope 1 and 2 (market-based)	318,000	30.5%

[3] Total emissions reference the summation of scope 1, scope 2 market-based and scope 3 emissions.

Table 5: Scope 3 GHG Emissions

Scope 3 Category	$MTCO_2e$ (Metric Tons CO_2e)	% of Scope 3 Emissions	% of Total Emissions[3]
Category 1 – purchased goods and services	390,206	53.8%	37.4%
Category 2 – capital goods	58,619	8.1%	5.6%
Category 3 – fuel and energy related activities	138,568	19.1%	13.3%
Category 4 – upstream transportation and distribution	1,115	0.2%	0.1%
Category 5 – waste generated in operations	2,022	0.3%	0.2%
Category 6 – business travel	32,429	4.5%	3.1%
Category 7 – employee commuting	102,613	14.1%	9.8%
Total Scope 3	**725,572**	**100.0%**	**69.5%**

Table 6: Total GHG Emissions and Intensity

Description	Quantity
Total GHG Emissions (Scope 1 & 2 Location-based and Scope 3)	1,162,070 Metric Tons CO_2e
Total GHG Emissions (Scope 1 & 2 Market-based and Scope 3)	1,043,900 Metric Tons CO_2e
Intensity of Total Scope 1 & 2 GHG Emissions (market-based; FY 2023 Revenue[4])	18.7 Metric Tons CO_2e/Million USD

[4] Kyndryl's fiscal year 2023 revenue can be found on page 30 of our 10-K

Table 7: Energy Consumption and Intensity

Description	Quantity
Scope 1 Total Energy	174,664 MWh
Scope 2 Total Energy	1,495,792 MWh
Purchased Electricity	1,442,478 MWh
Total Percentage Grid Electricity[5]	86%
Total Percentage Renewable Electricity[6]	51%
Energy Intensity (FY 2023 Revenue[4])	98.1 MWh/Million USD

[5] Total Percentage Grid Electricity calculated according to SASB disclosure TC-SI-130a.1.

[6] Determination of our renewable energy sources and percentage is aligned with guidance from RE100 and includes grid electricity only where permissible by RE100.

Table 8: Waste Metrics

Description	Hazardous Waste (in metric tons)		Non-Hazardous Waste (in metric tons)	
	Diverted [7]	Landfill [8]	Diverted [7]	Landfill [8]
Waste Streams (excluding PELM)	1,119.6	12.9	2,415.6	1,413.2
PELM[9]	55.2	0.3	1,833.1	132.7
Total	1,174.8	13.2	4,248.7	1,545.9

[7] Primarily includes waste that was recycled, with a small percentage from composting and resale.

[8] Primarily includes waste that was used for waste to energy, sent to the landfill or incinerated.

[9] PELM – Product End of Life Management (IT Electronic waste)

Table 9: Water

Description	Kyndryl Facilities (m^3)	Kyndryl Facilities in High Water Stress[10] Areas (m^3)
Water Discharge	774,626	339,294
Water Withdrawn	1,992,363	821,642
Water Consumption	1,217,737	482,348

[10] Water Stress includes Kyndryl-operated sites in Extremely High (>80%) and High (40-80%) water stress areas, obtained through World Resources Institute Aqueduct 3.0 Water Risk Atlas Metadata

Table 10: Employee Voluntary Self-Identification Data[11]

Description	Response
% of Employees by gender (enterprise)	29.4% women 70.6% men
% of Executives by gender (enterprise)	27.9% women 72.1% men
% of US Employees by ethnicity/race	29.5% People of Color 14.1% Asian 8.0% Black/African American 6.3% Hispanic <1% Hawaiian Natives/Pacific Islanders <1% Native American/Alaskan Natives <1% Two or More Races
% of US Executives[12] by ethnicity/race	26.5% People of Color 13.2% Asian 4.6% Black/African American 7.8% Hispanic[13] <1% Native American/Alaskan Natives <1% Two or More Races 0% Hawaiian Natives/Pacific Islanders

[11] The table above reflects representation data from Kyndryl's submission of U.S. EEO-1 data as of December 31, 2021. The data, which includes all active and inactive full-time and part-time employees in the Kyndryl organization, is valid until the 2022 U.S. EEO-1 report is filed in the Fall of 2023.

[12] At Kyndryl, an executive is defined as vice presidents, senior vice presidents and c-level officers.

[13] Fiscal Year 2023 number updated from .8 to 7.8 on 7.18.24 for accuracy to correct a typographical misstatement error.

Table 11: Employee Training Metrics

Description	Quantity
Training hours completed by Kyndryl employees	8.8 million hours
Average number of training hours per employee	98 hours
Digital badges awards to Kyndryl employees	74,000 badges
Hyperscaler certifications among Kyndryl employees since inception through fiscal year 2023	35,000+ certifications

Table 12: Kyndryl Volunteering Program

Description	Quantity
Kyndryl employees that have registered on our employee giving and volunteer platform, DEED	25,000+ employees
Employees registered on the platform	28%
Employee volunteer campaigns organized by Kyndryl	50+ campaigns
Nonprofit organizations supported by Kyndryl employees through the platform to date	1,000+ organizations
Volunteer hours that were logged in the platform globally	17,000+ hours

Kyndryl Task Force on Climate-related Financial Disclosures (TCFD)

At Kyndryl, effective climate-related risk management and positive climate action are key pillars of our commitment to operating in a sustainable and responsible manner. As part of this commitment, we are integrating a focus on greenhouse gas (GHG) emissions and climate change risk across our business.

Mitigating key climate-related impacts improves our operation's environmental efficiencies, makes our business practices more sustainable and leverages growth and business continuity opportunities to meet the expectations of customers and investors globally. We recognize the critical role that the IT infrastructure services industry can play in modernizing IT management and digital technology systems in the transition toward a low-carbon economy. Kyndryl has laid the foundation of our ESG and climate strategy to deliver positive impacts in the communities in which we operate. As the world's leading provider of IT infrastructure services with over 230 data centers in 54 countries, approximately 90,000 employees globally and serving thousands of customers, we understand our responsibility to provide business continuity for our customers and align with stakeholder expectations on climate risk and resilience. We are working to decarbonize our operations and supply chain, and leverage future sustainability offerings to help support our customers worldwide.

After our first full fiscal year, Kyndryl is pleased to present our inaugural Task Force on Climate-Related Financial Disclosures (TCFD) Index. The TCFD recommendations help establish responsible and transparent disclosure practices with our stakeholders. It represents an important milestone in Kyndryl's journey toward net zero GHG emissions by 2040 and lays the groundwork for launching our sustainability solutions at scale.

TCFD Recommendation	Disclosure	Reference/ Further Details
1. Governance		
A. Board of Directors Oversight on Climate related Risks and Opportunities	Kyndryl's Board of Directors has established an oversight structure to support management's development and execution of the Company's overall ESG strategy and the Nominating and Governance Committee of the Board, along with the full Board, has oversight responsibility of our environmental programs, which includes our climate-related initiatives. Kyndryl's Board oversight structure is shown in Figure 1 below.	2023 Proxy Statement, pages 19-20 and 29 Nominating & Governance Committee Charter CDP: C1.1b Pages 68-69 of this Report

Figure 1: Kyndryl's Board Oversight of ESG Strategy

TCFD Recommendation	Disclosure	Reference/ Further Details
1. Governance		
A. Board of Directors Oversight on Climate related Risks and Opportunities (cont.)	The Nominating and Governance Committee reviews and considers Kyndryl's position and practices on environmental and corporate responsibility matters and oversees and assesses risks associated with Kyndryl's corporate ESG initiatives, including oversight over our environmental and sustainability goals and initiatives. Management reviewed with the Board and sought its guidance on Kyndryl's approach to climate change strategies, including setting Kyndryl's 2040 net zero greenhouse gas emissions goal and plans. As Kyndryl works toward the achievement of its climate targets, the Board will be updated by key executives and committees about the progress against the strategies across Kyndryl's areas of operation and associated value chain.	

TCFD Recommendation	Disclosure	Reference/ Further Details
1. Governance		
B. Management's Role on Climate-related Risks and Opportunities	In addition to establishing Board oversight of our ESG strategy, Kyndryl established a management-level ESG Executive Committee in 2022 that meets regularly to address ESG issues and ensure progress against our goals. The ESG Executive Committee is responsible for overseeing the working groups dedicated to each of the three ESG domains, including our environmental programs and strategy. As set forth on page 69 of this Report, the ESG Executive Committee is a cross-functional team comprised of senior management executives across the finance, human resources, legal, operations, sustainability and corporate affairs functions to ensure that Kyndryl's internal stakeholders are fully represented in our key ESG initiatives and policies.	2023 Proxy Statement, pages 19-20 and 33. CDP: C1.1b, C1.2 Pages 69-71 of this Report

TCFD Recommendation	Disclosure	Reference/ Further Details
1. Governance		
B. Management's Role on Climate-related Risks and Opportunities (cont.)	Our Chairman and Chief Executive Officer (CEO) is responsible for overseeing the overall direction of Kyndryl's business and ESG strategy, which includes climate-related objectives. The CEO is regularly updated on ESG and climate-related items through ESG Executive Committee meetings, which are led by our Global Head of Corporate Affairs. All committee members meet to discuss ESG and climate-related initiatives. The Environmental Sustainability Council, which is part of the ESG Executive Committee, is led by Kyndryl's Chief Sustainability and ESG Officer and has as its Executive Sponsor, the Chief Operating Officer. The Council is responsible for overseeing Kyndryl's policies and programs related to climate-related impacts and other environment related topics as well as updating the Nominating and Governance Committee on environmental and sustainability goals and initiatives. Our Chief Sustainability and ESG Officer leads Kyndryl's Global Sustainability Group and is responsible for advancing the company's overall strategic direction and execution of sustainability related initiatives. Under the Global Sustainability Group's direction, environment and climate change related risks have been incorporated and prioritized within the company's Enterprise Risk Management (ERM) program.	

TCFD Recommendation	Disclosure	Reference/ Further Details
2. Strategy		
A. Key Climate-related Risks and Opportunities Identified in the Short, Medium and Long Term	Addressing climate change risks and environmental operational efficiency has been a core strategic pillar for Kyndryl since our formation as a company. To deliver on our commitment toward reaching net zero GHG emissions by 2040, Kyndryl has integrated key sustainability initiatives into our business strategy. Our Net Zero Climate Action strategy is focused on assessing the impacts of climate-related risks, implementing key strategic planning and risk management initiatives to mitigate their impacts, and leveraging new opportunities to offer sustainability-related products and services to markets in which we operate. To ensure effective mitigation and adaptation to climate-related impacts, Kyndryl uses predictive climate models, scenarios and methodologies to assess physical risks (acute and chronic) such as flooding, cyclone events, water stress, droughts and extreme heat, and transition risks such as increased regulation, stakeholder pressures and market and technology requirements. Alongside risks, we also consider potential climate-related opportunities such as enhanced climate resiliency, renewable energy programs and energy efficiency management. Our strategy then categorizes 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 Kyndryl prioritize appropriate climate action. In December 2022, Kyndryl undertook our inaugural scenario analysis of plausible physical climate-related impacts against time horizons of 2030 and 2050. This allowed us to further align our climate strategy with the TCFD recommendations and understand our assets' exposure to potential climate-related risks.	Climate Action | Kyndryl CDP: C2.1, C2.1a, C2.2a, C2.3, C2.3a, C2.4, C2.4a, C3.2a

TCFD Recommendation	Disclosure	Reference/ Further Details
2. Strategy		
A. Key Climate-related Risks and Opportunities Identified in the Short, Medium, and Long Term (cont.)	After conducting a physical risk screening across the company's portfolio, Kyndryl analyzed asset-specific current and emerging climate hazards across key business-critical facilities (which covered geographical locations and asset categories such as data centers, offices and other location types like Work Area Recovery (WARs)). As part of the analysis, Kyndryl utilized Low Warming (SSP1-2.6), Higher Warming (SSP3-7.0) and Highest Warming (SSP5-8.5) climate scenarios from the Intergovernmental Panel on Climate Change's (IPPC) Shared Socioeconomic Pathways (SSPs). This assessment allowed us to screen physical climate impacts against low, high and very high GHG emission scenarios and assign minimal, low, moderate and high-risk scores, based on normalized climate data and asset exposure ratings. To assess transition risks, Kyndryl used inputs and assumptions from third-party developed scenarios such as the International Energy Agency's (IEA) scenarios, including "below 2C degrees" scenarios such as the Sustainable Development Scenario (SDS) and Net Zero by 2050 (NZE2050), as recommended by the TCFD. Using these energy system scenarios, we identified potential policy, regulatory, market and reputational impacts across our business and operations. To inform our analysis of these transition risks and provide a comprehensive assessment of their potential impacts on our business and operational performance, we ranked potential financial impacts for the business across Kyndryl's short-term (0-1 year), medium-term (1-5 years), and long-term (5+ years) horizons. 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 on the next page.	

Table 1: Key Climate-related Risks Identified

Risk Category	Risk Description		Risk Classification
Physical	Acute	River flooding Extreme rainfall flooding Coastal flooding Tropical cyclones Wildfire weather Rainfall induced landslides	Using a present-day baseline, the majority of our assets exhibited low to minimal climate-related risks. However, under 2030- and 2050-time horizons, a growing number of assets identified within our portfolio became exposed to emerging climate hazards. These included acute physical risks, such as flooding and tropical cyclones, and chronic risks, such as extreme heat and water stress.
	Chronic	Extreme heat Extreme cold Water stress	
Transition	Policy and Regulatory	Energy efficiency requirements	Enhanced energy efficiency standards for buildings across Kyndryl's value chain.
		Data center regulations	Increased regulation for data center energy procurement strategies and business operations.
	Market	Availability of renewable energy	Reduced market availability of renewable energy in Kyndryl's areas of operation.
		Cost of renewable energy	Increased cost of procuring renewable energy in local markets.
	Reputational Concerns	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	Develop 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	Develop Environmental and Energy Management System with ISO 14001 and 50001 certifications.	Reduced exposure to energy efficiency reporting requirements. Decreased cost of compliance.
		Reduce our data center energy consumption by implementing energy efficiency program 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 further climate adaptation strategies within data centers to provide IT services that are resilient to climate-related impacts.	Decreased cost of compliance. Lower operating costs. Increased business continuity. Higher client satisfaction.

TCFD Recommendation	Disclosure	Reference/ Further Details
2. Strategy (cont.)		
B. Impact on the Organization´s Business, Strategy and Financial Planning	Kyndryl is currently incorporating findings from our detailed assessment of climate-related risks and opportunities into our climate initiatives and future business continuity strategy. As we develop our Climate Action plan, we will work 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. Listed below are some key climate-related impacts that are incorporated into our Climate Action plan: **Real Estate and Data Center Footprint** As the world's largest IT infrastructure services provider, we have a responsibility to deliver energy efficient IT infrastructure and scale sustainable solutions on a global level. Since 2021, we have reduced our data center energy consumption and have enabled additional generation of solar energy. Emission reduction projects and efficiency requirements within our data center and consolidation of real estate footprint is a priority for Kyndryl and presents an opportunity for us to reduce our direct and indirect electricity consumption. **Supply Chain** Kyndryl has taken steps to understand how our suppliers contribute to our overall emissions profile. The emissions from our suppliers represent the highest portions of the scope 3 emissions in our GHG inventory. We have introduced a scope 3 roadmap to outline GHG reduction requirements to suppliers concerning purchased goods and services and capital goods, and plan to introduce employee education and awareness on business travel and commuting throughout 2023. We are developing several solutions to help customers improve their efficiency and the overall sustainability of their IT operations.	Climate Action | Kyndryl CDP: C2.3a, C2.4a, C3.1, C3.2a, C3.2b C3.3, C3.4 Pages 22-23, 31, and 37-38 of this Report

TCFD Recommendation	Disclosure	Reference/ Further Details
2. Strategy (cont.)		
B. Impact on the Organization´s Business, Strategy and Financial Planning (cont.)	**Low Emission IT Infrastructure and Cloud Services** To help customers reduce GHG emissions and improve the efficiency of their IT estates and business operations, Kyndryl is migrating many clients to cloud infrastructure. Migration to the cloud helps to reduce GHG emissions by using newer servers, taking advantage of hyper-scaler innovations and more efficient data centers. As we migrate key customers from on-premises services to cloud system models, Kyndryl will continue increasing the proportion of renewable energy to our data centers and improving data center efficiencies.	
C. Kyndryl's Resilience considering Climate-related Scenarios	During our climate risk assessment, Kyndryl utilized scenarios to analyze our resiliency to both physical and transition climate-related risks. For physical risks, our analysis incorporated IPPC's SSP1-2.6, SSP3-7.0 and SSP5-8.5 to model societal and economic development against low, higher and highest carbon emission scenarios respectively. Against these scenarios, Kyndryl was able to review acute and chronic weather impacts across our operations and identify specific locations with a higher risk of physical climate-related risks. For transition risks, Kyndryl is currently exploring measures for implementing climate-related risks into our overall business strategy with regards to increased climate legislation, renewable energy procurement and stricter energy efficiency requirements. These adoptions will ensure that our long-term financial planning incorporates appropriate levels of transition risk identification and management. 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 towards our net zero goal, we will continue to model our future business and sustainability strategies against robust climate methodologies, parameters and exposure metrics.	CDP: C3.2, C3.2a, C3.2b

TCFD Recommendation (cont.)	Disclosure	Reference/ Further Details
3. Risk Management		
A. Process for identifying and Assessing Climate-related Risks	Kyndryl's overall Enterprise Risk Management (ERM) program is designed to support strong governance models and assign responsibility for risk identification and mitigation. Our ERM program includes identification and assessment of our climate-related risks and opportunities alongside other environmental, social and governance risks across our operations. Kyndryl identifies and assesses physical and transition climate-related risks within our corporate risk register. To help prioritize appropriate actions, risk assessment surveys are completed by management across all our global practices and enterprise functions. Identified inherent and residual risks are ranked based on their impact on Kyndryl's operations and revenue and their likelihood over 0-5 years. We considered climate risk and GHG management as one of our enterprise risks and worked with identified risk owners across the enterprise to conduct impact and likelihood ratings. 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. Kyndryl's ERM Project Management Office develops an initial list of risks across the company and provides it to the RMWG.	CDP: C2.1, C2.1a, C2.1b, C2.2 Pages 70-71 of this Report

TCFD Recommendation (cont.)	Disclosure	Reference/ Further Details
3. Risk Management		
B. Process for Managing Climate-related Risks	Kyndryl's ERM program has established a process for managing ESG and climate-related risks. Our ERM governance structure is designed to assign responsibility of risk identification and mitigation for climate-related risks. Kyndryl's ERM Project Management Office develops the initial list of risks across the company and helps the RMWG prioritize actions on specific risks, such as climate change directed by the Environmental Sustainability Council. Our RMWG meets multiple times annually and is comprised of key corporate and regional stakeholders, who provide review and validation of companywide risks including climate-related risks. Based on risk assessment results, the RMWG provides recommendations to the Risk Management Committee (RMC). The RMC is comprised of senior executives who report into the CEO and present their recommendations to the CEO and audit committee of the Board of Directors. Our Risks Management Committee meets twice a year and has final review over the classification and ranking of climate-related risks within the company. Climate-related risk assessments and controls are developed and managed by our Environmental Sustainability Council and reviewed with the Executive Sponsors of the ESG Executive Committee, which includes the Chief Operating Officer (COO) and Global Head of Corporate Affairs. At this stage, individual executive ownership is assigned throughout the company to enable a coherent risk management culture throughout the business. Kyndryl's Climate Action Plan has been developed and included into our ERM processes to ensure that appropriate resource allocation and regular internal reporting on risk management is deployed.	CDP: C2.1, C2.2 Pages 70-71 of this Report

TCFD Recommendation (cont.)	Disclosure	Reference/ Further Details
3. Risk Management		
B. Process for Managing Climate-related Risks (cont.)	With the growing risk environment, it is imperative for organizations to have business continuity plans. Staying resilient, building and maintaining resilience are top priorities for organizations worldwide. Kyndryl has comprehensive plans and processes in place that adhere to Kyndryl's worldwide enterprise policies, standards and guidelines, and help sustain its business by assessing potential scenarios. We have a well-established Business Continuity Management (BCM) system that provides a consistent framework, model, enablement and guidance to Kyndryl's Business Areas, and provides oversight to the overall BCM program and input to Kyndryl's ERM. The program includes governance and review of business continuity requirements based on impact and risk, as well as the creation, implementation and operation of Business Continuity Plans. Further, we regularly monitor and report on business continuity preparedness through testing and maintenance.	CDP: C2.1, C2.2 Pages 70-71 of this Report
C. Integration of Climate-related Risks into overall risk management processes	Kyndryl is currently working on further integrating key climate-related risks within our risk register. To ensure alignment with our Climate Action plan, Kyndryl's ERM program provides an overview of key risk mitigation efforts for climate-related risks. This initial list of goals, targets and proposed initiatives helps to document effective and reliable processes to help reduce our vulnerability to climate-related impacts.	CDP: C2.1, C2.2

TCFD Recommendation (cont.)	Disclosure	Reference/ Further Details
4. Metrics and Targets		
A. Metrics Used to Assess Risks and Opportunities	Kyndryl tracks its climate-related performance using a variety of tailored metrics. Kyndryl built its net zero goal in line with the scientific recommendations of the Intergovernmental Panel on Climate Change (IPCC) to reach net zero global GHG emissions by 2050 in order to limit global warming to 1.5 degrees Celsius. Kyndryl's net zero commitment follows science-based frameworks and includes absolute reductions across scopes 1, 2 and 3 emissions. To meet our near-term and long-term climate-related targets, Kyndryl uses the following performance metrics to track: – **Scope 1, Scope 2, and Scope 3:** Absolute percentage reductions in GHG emissions against baseline. – **Data Center 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 data centers and monitor power consumption and energy costs. Kyndryl's metrics align with industry best practices and recognized emission quantification methodologies concerning science-based frameworks and usage of renewable energy.	CDP: C4.1, C4.1a, C4.2, C4.2a, C4.2b Pages 21 and 23 of this Report Pages 90-91 of this Data Book

TCFD Recommendation (cont.) 4. Metrics and Targets (cont.)	Disclosure	Reference/ Further Details
B. Disclosure of Scope 1, 2, and 3 Greenhouse Gas (GHG) Emissions	We have developed our scope 1, 2 and 3 emissions baselines in line with internationally recognized methodologies such as the Greenhouse Gas Protocol (GHG Protocol), and the Science-Based Targets initiative (SBTi). For more information on our methodology, please see pages 80-88 of this Data Book. **Definitions:** Scope 1 Direct GHG emissions from stationary combustion, mobile combustion, and fugitive releases of refrigerants. Scope 2 Indirect GHG emissions from the generation of electricity, steam, hot water, and chilled water purchased by Kyndryl for site operations. 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. For disclosures of our scope 1, 2 and 3 GHG emissions, please see pages 90-91 of this Data Book.	CDP: C5.3, C6.1, C6.2, C6.3, C6.5 Page 21 of this Report Pages 90-91 of this Data Book

TCFD Recommendation (cont.) 4. Metrics and Targets (cont.)	Disclosure	Reference/ Further Details
C. Targets Used and Performance	In December 2022, Kyndryl announced our plan to achieve net zero GHG emission by 2040. Our net zero commitment follows science-based frameworks and methodologies and includes absolute reductions across scopes 1, 2 and 3 emissions. As part of our strategy to achieve net zero GHG emissions by 2040, we have committed to reaching the following near-term targets by 2030: • Reduce our scope 1 and scope 2 direct and indirect emissions by 75%. • Achieve a 50% reduction in GHG emissions across global enterprises. • Obtain 100% of purchased electricity through renewable sources.	CDP: C4.1, C4.1a, C4.2, C4.2a, C4.2c Page 20 of this Report 2023 Proxy Statement, pages 29-30.

Sustainability Accounting Standards Board (SASB) Disclosure Table

SASB Topic	SASB Accounting Metric	Kyndryl Disclosures
Environmental Footprint of Hardware Infrastructure	1. Total energy consumed 2. Percentage grid electricity 3. Percentage renewable [TC-SI-130a.1]	Metrics related to energy consumption including percentage of renewable energy are disclosed in the Environmental section of this Report (Energy Consumption Baseline Table, page 21)
	1. Total water withdrawn 2. Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress [TC-SI-130a.2]	1. Total water withdrawn - 1,992 megaliters at all Kyndryl-operated sites, which includes 822 megaliters at sites in high water stress areas (41.2%) 2. Total water consumed - 1,218 megaliters at all Kyndryl-operated sites, which includes 482 megaliters at sites in high water stress areas (39.6%) Kyndryl uses an operational control approach for setting the boundaries for water metrics. This includes all owned and leased sites over which Kyndryl has operational control. The reported water data is based on actual and estimated data, and it will be updated over time to reflect the improvements in sourcing and changes in our business (See more on pages 89 and 91 of this Data Book).
	Discussion of the integration of environmental considerations into strategic planning for data center needs [TC-SI-130a.3]	Described under the "Managing System Performance and Regulatory Compliance" and under "Risk Management" sections in this Report (pages 28 and 71).

SASB Topic	SASB Accounting Metric	Kyndryl Disclosures
Data Privacy & Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy [TC-SI-220a.1]	Disclosed in Kyndryl Privacy Statement as well as in the section Cybersecurity and Data Privacy' on pages 72-74 of this Report.
	Number of users whose information is used for secondary purposes [TC-SI-220a.2]	Kyndryl does not disclose TC-SI-220a.2 unless otherwise required by law.
	Total amount of monetary losses as a result of legal proceedings associated with user privacy [TC-SI-220a.3]	Kyndryl does not disclose TC-SI-220a.3 unless otherwise required by law.
	1. Number of law enforcement requests for user information 2. Number of users whose information was requested 3. Percentage resulting in disclosure [TC-SI-220a.4]	Every six months, Kyndryl provides information regarding law enforcement requests we have received from government authorities during the Covered Period. Please find more information here: Governmental Requests for Customer Data
	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring [TC-SI-220a.5]	Kyndryl does not disclose TC-SI-220a.5 unless otherwise required by law.

SASB Topic	SASB Accounting Metric	Kyndryl Disclosures
Data Security	1. Number of data breaches 2.Percentage involving personally identifiable information (PII) 3.Number of users affected [TC-SI-230a.1]	Kyndryl does not disclose TC-SI-230a.1 unless otherwise required by law.
	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards [TC-SI-230a.2]	Disclosed in the section 'Cybersecurity and Privacy' of this Report (pages 72-74)
Recruiting & Managing a Global, Diverse, & Skilled Workforce	Percentage of employees that are: 1. Foreign nationals and 2.Located offshore [TC-SI-330a.1]	Kyndryl does not specifically disclose TC-SI-330a.1 unless otherwise required by law. Kyndryl does disclose employee voluntary self-identification in the section 'Diverse and Representative Teams' in this Report (page 51) and above in Table 10: Employee Voluntary Self-Identification Data, as well as the percentage of employees outside of the US (91%) on page 12 of our 2023 annual report on Form 10-K.
	Employee engagement as a percentage [TC-SI-330a.2]	Disclosed in the section 'Measuring our Progress: Annual Engagement Survey' in this Report (page 46)
	Percentage of gender and racial/ethnic group representation for: 1. Management 2. Technical staff, and 3. All other employees [TC-SI-330a.3]	Kyndryl disclosed employee voluntary self-identification in the section 'Diverse and Representative Teams' in this Report (page 51)

SASB Topic	SASB Accounting Metric	Kyndryl Disclosures
Intellectual Property Protection & Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations [TC-SI-520a.1]	Kyndryl does not disclose TC-SI-520a.1 unless otherwise required by law.
	Number of: 1. Performance issues and 2.Service disruptions 3.Total customer downtime [TC-SI-550a.1]	Kyndryl does not disclose TC-SI-550a.1 unless otherwise required by law.
	Description of business continuity risks related to disruptions of operations [TC-SI-550a.2]	Discussed in our 2023 annual report on Form 10-K as well as in the 'Risk Management' section in this Report (page 71) and above in our TCFD disclosure for our 'Process for Managing Climate-related Risks'.
Activity Metrics	1. Number of licenses or subscriptions 2. Percentage cloud based [TC-SI-000.A]	Kyndryl uses relevant but different KPIs for disclosing our business performance to shareholders and investors than those listed here by SASB. Our KPIs are included in our 2023 annual report on Form 10-K as well as in this Report.
	1. Data processing capacity 2. Percentage outsourced [TC-SI-000.B]	
	1. Amount of data storage 2. Percentage outsourced 3. [TC-SI-000.C]	

GRI Content Index

Statement of use: Kyndryl Holdings, Inc. has reported the information cited in this GRI content index for the period April 1, 2022 – March 31, 2023 with reference to the GRI Standards.

GRI 1 used: GRI 1: Foundation 2021

GRI Standard	Disclosure	Location and Description
GRI 2: General Disclosures 2021	2-1 Organizational details	2023 annual report on Form 10-K Pages 1-4, 121-122
	2-2 Entities included in the organization's sustainability reporting	2023 annual report on Form 10-K Pages 121-122 Page 4 of this Report Pages 81-89 of this Data Book
	2-3 Reporting period, frequency and contact point	Sustainability reporting will be done annually and aligns with Kyndryl's financial reporting period. Reporting period: April 1, 2022 – March 31, 2023 (fiscal year 2023) Pages 4 and 110 of this Report
	2-4 Restatements of information	This is Kyndryl's first year releasing a sustainability report since becoming an independent company in November 2021. As such, we do not have any restatements of information.
	2-5 External assurance	Kyndryl engaged third parties to provide limited assurance over certain greenhouse gas (GHG) emissions metrics. Find more details in the 'GHG Emissions, Waste and Water Methodology and Independent Assurance Statements' section of this Data Book.

GRI Standard	Disclosure	Location and Description
GRI 2: General Disclosures 2021 (cont.)	2-6 Activities, value chain and other business relationships	2023 annual report on Form 10-K Pages 3-11
	2-7 Employees	Kyndryl provides summary information on our employees on page 51 of this Report and on page 12 of our 2023 annual report on Form 10-K.
	2-9 Governance structure and composition	2023 Proxy Statement Pages 3-4, 7-25
	2-10 Nomination and selection of the highest governance body	2023 Proxy Statement Pages 16-17
	2-11 Chair of the highest governance body	2023 Proxy Statement Pages 18-19
	2-12 Role of the highest governance body in overseeing the management of impacts	2023 Proxy Statement Pages 19-21 Pages 68-71 of this Report

GRI Standard	Disclosure	Location and Description
GRI 2: General Disclosures 2021 (cont.)	2-13 Delegation of responsibility for managing impacts	2023 Proxy Statement Pages 19-20 Pages 70-71 of this Report Pages 94-95 and 99-100 of this Data Book
	2-14 Role of the highest governance body in sustainability reporting	CDP Climate Change Question C1.1b and C1.2 Pages 5-8 Pages 68-69 of this Report
	2-15 Conflicts of interest	2023 Proxy Statement Pages 16, 27 Kyndryl Code of Conduct Page 30
	2-18 Evaluation of the performance of the highest governance body	2023 Proxy Statement Pages 21
	2-19 Remuneration policies	2023 Proxy Statement Pages 38-39 (Board Compensation), 40-93 (2023 Executive Compensation)
	2-20 Process to determine remuneration	2023 Proxy Statement Pages 40-93
	2-21 Annual total compensation ratio	2023 Proxy Statement Page 74

GRI Standard	Disclosure	Location and Description
GRI 2: General Disclosures 2021 (cont.)	2-22 Statement on sustainable development strategy	Page 3 of this Report 2023 annual report on Form 10-K Pages 8-9
	2-23 Policy commitments	Pages 17, 50-52, and 72-76 of this Report Kyndryl Code of Conduct Corporate Environmental Sustainability Policy Human Rights Policy RBA Code of Conduct Equal Employment Policy California Supplemental Privacy Statement Talent Acquisition Privacy Notice Governmental Requests for Customer Data
	2-24 Embedding policy commitments	Pages 17, 50-52, and 72-76 of this Report Kyndryl Code of Conduct
	2-25 Processes to remediate negative impacts	Kyndryl: Report a Concern
	2-26 Mechanisms for seeking advice and raising concerns	Kyndryl: Report a Concern
	2-27 Compliance with laws and regulations	Pages 28, 72-74, and 76 of this Report 2023 annual report on Form 10-K

GRI Standard	Disclosure	Location and Description
GRI 2: General Disclosures 2021 (cont.)	2-28 Membership associations	Pages 29, 37, and 77 of this Report Page 109 of this Data Book CDP Climate Change Question C12.3b Pages 91-92
	2-29 Approach to stakeholder engagement	Page 13 of this Report
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 12 of this Report
	3-2 List of material topics	Page 12 of this Report
	3-3 Management of material topics	Content throughout this Report outlines how we manage our risks and impacts from material topics, Enterprise Risk Management is specifically discussed on pages 70-71.
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	2023 annual report on Form 10-K Pages 55-59
	201-2 Financial implications and other risks and opportunities due to climate change	Pages 96-97 of this Data Book CDP Climate Change Question C2.3a and C2.4a Pages 14-24
	201-3 Defined benefit plan obligations and other retirement plans	2023 annual report on Form 10-K Pages 98-104 (Note 16: Retirement-related benefits)

GRI Standard	Disclosure	Location and Description
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	This Report includes related metrics on our procurement spend on pages 36 and 39.
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Pages 72 and 76 of this Report Kyndryl Code of Conduct
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 21 of this Report Page 91 of this Data Book CDP Climate Change Question C8 Pages 67-72
	302-3 Energy intensity	Page 21 of this Report Page 91 of this Data Book
	302-4 Reduction of energy consumption	Pages 22-23 of this Report CDP Climate Change Question C4.3 Pages 50-51

GRI Standard	Disclosure	Location and Description
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 26 of this Report Pages 89 and 91 of this Data Book
	303-2 Management of water discharge-related impacts	Page 26 of this Report Page 89 of this Data Book
	303-3 Water withdrawal	Pages 89 and 91 of this Data Book
	303-4 Water discharge	Pages 89 and 91 of this Data Book
	303-5 Water consumption	Pages 89 and 91 of this Data Book
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 21 of this Report Pages 80-85 and 90-91 of this Data Book
	305-2 Energy indirect (Scope 2) GHG emissions	Page 21 of this Report Pages 80-85 and 90-91 of this Data Book
	305-3 Other indirect (Scope 3) GHG emissions	Page 21 of this Report Pages 86-88 and 90-91 of this Data Book

GRI Standard	Disclosure	Location and Description
GRI 305: Emissions 2016	305-4 GHG emissions intensity	Page 21 of this Report Page 91 of this Data Book
	305-5 Reduction of GHG emissions	Pages 22-23 of this Report CDP Climate Change Question C4.3 Pages 50-51
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 26 of this Report Pages 89 and 91 of this Data Book
	306-2 Management of significant waste-related impacts	Page 26 of this Report Page 89 of this Data Book
	306-3 Waste generated	Pages 89 and 91 of this Data Book
	306-4 Waste diverted from disposal	Pages 89 and 91 of this Data Book
	306-5 Waste directed to disposal	Pages 89 and 91 of this Data Book

GRI Standard	Disclosure	Location and Description
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 57 of this Report Kyndryl will continue to build out our reporting of our new employee hires and employee turnover in the future.
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	2023 Proxy Statement Page 58 2023 annual report on Form 10-K Page 67 Pages 56-57 of this Report
	401-3 Parental leave	Page 57 of this Report Kyndryl will continue to build out our reporting of our parental leave program in the future.
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	Page 57 of this Report Kyndryl has developed a Health and Safety Management System (HSMS) and will continue to improve our HSMS to ensure long-term sustainable growth for all Kyndryl employees, our company and our ecosystem.
GRI Training and Education 2016	404-1 Average hours of training per year per employee	Page 55 of this Report Page 92 of this Data Book
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 55 of this Report

GRI Standard	Disclosure	Location and Description
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	2023 Proxy Statement Page 3 (Board of Director Attributes) Page 51 and 66-67 of this Report
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Pages 58-63 of this Report
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Pages 37 and 40 of this Report
GRI 415: Public Policy 2016	415-1 Political contributions	Kyndryl Code of Conduct Page 34 Kyndryl will not endorse, support, or make contributions or payments to any political parties or candidates, including through political action committees, campaign funds, trade or industry associations, or similar organizations.

CDP Climate Change Questionnaire

Kyndryl submitted its first CDP Climate Change questionnaire in August 2023 and will report on our results once scoring is completed by CDP.

Please find our CDP Climate Change questionnaire here.

Advocacy and Public Policy: Kyndryl's Global Partnerships

Sample list of global organization partnerships related to advocacy and public policy:

- Business Roundtable
- Information Technology Industry Council (ITI)
- U.S. Chamber of Commerce
- BSA | The Software Alliance
- AmCham EU
- German Datacenter Association
- Digital Companies Association (AMETIC) (Spain)
- Business Association for Innovation (COTEC) (Portugal)
- TechUK
- Association of Business Service Leaders (ABSL) (Poland)
- US–India Strategic Partnership Forum (USISPF)
- Japan Electronics and Information Technology Industries Association (JEITA)
- Brazilian Software Association (ABES)
- Council for Competitiveness Promotion in Costa Rica (CPC)
- Uruguayan Chamber of Information Technology (CUTI)
- Tech Council of Australia

kyndryl

This report was not printed.

Company Headquarters

One Vanderbilt Avenue, 15th Floor
New York, New York 10017

Contact Information

For questions or feedback on this report, please contact us at sustainability@kyndryl.com.

kyndryl.com