



IBM United Kingdom Financial Services Limited – Section 172 Statement Financial year ending 31 December 2020

The Board of Directors, in line with their duties under s.172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard to a range of matters and stakeholders when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s.172 factors.

The Company's strategy is in line with that of its parent, IBM Credit LLC (IBM Credit). IBM Credit is primarily a captive financier, facilitating IBM Clients' acquisition of information technology systems, software and services in the areas where IBM Credit has expertise. IBM Credit's strategy and business model are described on pages 27-28 of IBM's annual report for the year ended 31 December 2020 (which does not form part of this report).

In addition to the governance provided by the Board of Directors, as a subsidiary of IBM the Company is subject to extensive organisational and management systems which enable the Board through its Directors, and through corporate delegations, to organise and oversee governance of the day-to-day operational activities of the Company. The Directors of the Company considered local Business Updates on a quarterly basis during 2020.

The Board recognises that the long-term success of the Company's business is dependent on the way the Company interacts with stakeholders, including employees, clients, suppliers, the community and the environment.

Employees

Through the IBM management system, the Company engages with and listens to employees in many ways, including through the annual employee engagement surveys; virtual town hall meetings; internal publications; weekly updates from the General Manager; virtual round tables; fireside chats and newsletters. Through the same management system, the Company maintains responsibility for safeguarding the interests of employees. In addition, the Company, through the Board of Directors and applicable delegations, manages and oversees the Company's obligations in relation to the employee pension schemes.

During 2020 the Directors were briefed on a range of employment matters, including employee engagement, Black Lives Matter, #Me Too, social mobility, increasing diverse representation at all levels of the business, talent, sponsorship and mentoring programmes. Employee survey results are analysed, reviewed and action plans developed as a result of the feedback; these surveys give employees an opportunity to express their views on matters of company strategy, management and employee inclusion and experience.



Clients

IBM focuses on building strong relationships with its clients and spends considerable time with them to understand their needs and views and how IBM can improve its service to them.

Under the direction of one of the Directors, the Company's sales and marketing management team fosters and monitors effective client relationships and supports best practice engagement with clients. In 2020, the team oversaw a wide range of matters and reported regularly on client satisfaction ratings across the Company. The team also focused on the Company's Relationship Surveys to support ongoing long-term client commitments; building the next level of collaboration with specific clients.

In 2020 during board meetings the Directors considered a wide range of matters important to the Company's clients, including updates on the Company's Brexit readiness; the impact of Covid-19; and reviews of strategic partnerships and client needs.

Suppliers

The Board recognises that the relationship with suppliers is important to the Company's long-term success. In 2020, the Board also reviewed the Company's Modern Slavery Act obligations and approved the Company's Modern Slavery Act statement for publication given the importance of such matters to the IBM supply chain. In this context, consideration was also given to the impact of the Company's operations on the wider community and the importance to the Company of maintaining its reputation for high standards.

The Company benefits from IBM's Procurement organisation, which is recognised as a leader in sustainable procurement. IBM has in place programmes with which it requires suppliers to comply, which in turn can help those suppliers to develop their own capacity to demonstrate their commitment to achieving social and environmental objectives. These programmes are directed to all IBM suppliers, whether they are global or locally based here in the UK.

Community and Environment

The Company, as a part of the broader IBM group and supported by the Board, seeks to ensure that it makes a positive contribution to the communities and societies of which it is a part, and it recognises its responsibilities to those communities.

The Company has long had a very active community of employee volunteers, with Board support. Company employees took part in a range of voluntary activities during the year, including at local schools.

The Company Board recognises that trust and responsibility lie at the heart of IBM's business, and that this is the basis upon which that business operates and flourishes. All stakeholders - employees, clients, suppliers, etc. - depend on the integrity by which IBM operates. Each year all Company employees undertake mandatory global business conduct training and commit to following IBM's comprehensive 'Business Conduct Guidelines'. Similarly, all employees undertake mandatory training annually on matters such as cyber-security and data privacy.



Covid-19

Throughout 2020, the health, safety and well-being of our employees, clients, business partners and community continued to be the Board's primary focus. The Board of Directors are actively engaged to ensure plans and response activities continue to be aligned with recommendations of the WHO, and the local government regulations in each country. The company continues to be well positioned to support our clients through this crisis.

IBM established an operational framework to guide its response and this involved the IBM UK Board of Directors creating a local crisis management team (CMT) to address specific local actions required in response to the crisis, while ensuring a safe working environment for IBM employees, Clients and Partners for whom it was essential for them to work in IBM locations. Directors of IBM United Kingdom Financial Services Limited are members of the CMT.

From early in the course of the outbreak, the Board of Directors took various decisions through the CMT to support the health, safety and well-being of employees by restricting travel, cancelling in-person meetings and events and transitioning nearly 95 percent of the workforce to work from home. The company has a robust case management system to manage COVID-19 exposures and a comprehensive playbook on workplace health and safety measures that allow our offices to reopen when conditions improve. Employees are supported with 24/7 access to IBM's world-class Health and Safety team, education, timely updates and forums to ask questions and raise concerns.

Additionally, from the outset of the COVID-19 pandemic, IBM has focused on mental health and supporting our employees for the long run with programs shaped by frequent survey polls and employee input sessions. Such programs include: robust case management through our Employee Assistance Program to manage COVID-19 exposures and develop comprehensive guidance, training for employees on resilience and for managers on how to identify and address mental health issues and financial counseling offerings tailored to pandemic-related matters.