Carbon Reduction Plan

Supplier name: IBM UK Limited
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IBM United Kingdom Limited is part of the wider IBM group. IBM's Chief Sustainability Office policy calls for the company to publicly disclose information on our environmental programs and performance. IBM's annual corporate environmental reporting first began in 1990 and has continued each year since.

IBM manages its operations to minimise their potential impact on the environment. As such, buildings, processes, and activities are monitored and optimized to minimise their use of energy. IBM's Global Environmental Management System (EMS), its Energy Management Program and its greenhouse gas (GHG) emissions quantification process and inventories are also audited by a third-party independent verifier to the ISO 14001:2005, ISO 50001:2018 and ISO 14064 parts 1 and 3 respectively.

Commitment to achieving Net Zero

IBM United Kingdom Limited is committed to achieving net zero emissions by 2030.

In February 2021, IBM established its third consecutive goal for the use of renewable electricity; its fifth consecutive goal to reduce greenhouse gas (GHG) emissions and a new goal to achieve net-zero GHG emissions by 2030, among others:

- Procure 75% of the electricity IBM consumes worldwide from renewable sources by 2025, 90% by 2030.
- Reduce IBM's greenhouse gas emissions 65% by 2025 against base year 2010, adjusted for acquisitions and divestitures.
- Reach net zero greenhouse gas emissions by 2030 by using feasible technologies to remove emissions in an amount which equals or exceeds IBM's residual emissions. Aim for residual emissions of 350,000 $mtCO_2e$ or less by 2030, with 90% of IBM's electricity coming from renewable sources.

The GHG and net zero goals both cover IBM’s Scope 1 and Scope 2 emissions. More information about IBM’s corporate environmental policy and programmes and can be found at the IBM and the Environment website and the IBM 2023 Impact Report which may be accessed through the same web page

Streamlined Energy & Carbon Reporting (SECR)
The following tables contain IBM United Kingdom Ltd. energy consumption, greenhouse gas emissions and chosen normalisation metric for its UK-based operations for the financial year 1st January 2024 to 31st December 2024.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past. Baseline emissions are the reference point against which emissions reduction can be measured. All years represent a January through December calendar year.

Baseline Year: 2019			
Additional Details relating to the Baseline Emissions calculations.			
We are using 2019 as the baseline year. These figures may be adjusted for acquisitions and divestitures in the future.			
EMISSIONS		**TOTAL ($mtCO_2e$)**	
Scope 1	Use of fossil fuels for operations:	3,932	
	Use of fossil fuels for transportation:	2,428	
Scope 2	Use of electricity in IBM managed locations and co-location data centres:[1]	**Location-Based** 32,720	**Market-Based** 3,325
Scope 3	Business travel – domestic ground transportation	1,065	
	Employee commuting:	4,748	
	Waste generated in operations:	12	
	Upstream transportation and distribution:	Not Applicable	
	Downstream transportation and distribution:	Not Applicable	
Total Emissions		**44,905**	**15,510**

Current Emissions Reporting

Reporting Year: 2024			
EMISSIONS		**TOTAL ($mtCO_2e$)**	
Scope 1	Use of fossil fuels for operations:	652	
	Use of fossil fuels for transportation:	610	
Scope 2	Use of electricity in IBM managed locations and co-location data centres:[1]	**Location-Based** 14,732	**Market-Based** 248
	Use of hot water in IBM managed locations	136	136
Scope 3	Business travel – domestic ground transportation	312	
	Employee commuting:	654	
	Waste generated in operations:	1.2	
	Upstream transportation and distribution:	Not Applicable	
	Downstream transportation and distribution:	Not Applicable	
Total Emissions		**17,097**	**2,613**

[1] Emissions reporting practices for IBM have changed to include emissions associated with the use of electricity at co-location data centers in Scope 2 emissions – they had previously been reported in Scope 3, Category 1 (Purchased goods and services). This change was reviewed against industry practices and the GHG Protocol.

Scope 1 and 2 Categories

IBM UK Limited's emissions are calculated in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition). The boundaries of the GHG inventory are defined using the operational control approach. The electricity procured for the majority of buildings is certified 100% renewable. Where more than one IBM company entity operates from the same building, energy and emissions are allocated based on the proportion of employees associated with each entity at that building. In some cases, estimated to account for less than 3% of overall emissions, the company does not have access to energy meter data. For these locations, energy consumption is calculated by benchmarking the site against similar UK locations occupied by the IBM group. The emissions are calculated using the emissions factors for 2024 published by the Department for Energy Security and Net Zero.

Scope 3 Categories

IBM UK Limited's emissions are calculated in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition). Determining the indirect greenhouse gas (GHG) emissions across an organization's value chain ("Scope 3" emissions) in a factual, reliable manner is quite challenging due to the lack of primary data that can be credibly attributed to the organization in question. As such, most numbers that are cited as Scope 3 emissions in the public domain are estimates.

Per the requirements of the Procurement Policy Note (PPN 06/21) "Taking Account of Carbon Reduction Plans in the procurement of major government contracts" we have made an effort to estimate three Scope 3 GHG emission categories, namely, Business Travel, Employee Commuting, and Waste Generated in Operations. The Upstream and Downstream Transportation and Distribution categories are not applicable to IBM UK Limited and rational is provided below:

Business Travel:
These are the emissions from domestic ground transportation by IBM UK Limited. The GHG emissions data from rental cars are directly provided by our suppliers, who multiply mileage driven by GHG emission factor from the vehicle manufacturers to estimate total emissions. We also obtain mileage logged for reimbursement by IBM UK Limited employees and estimate emissions associated with those employees' use of their personal vehicles for business purposes.

Employee Commuting:
IBM estimates its GHG emissions from employee commuters in the UK. This estimate was made using the following assumptions:
Employees attend IBM offices 256 (working) days a year; with an average round trip of 10.3 km in London[2] and 42.5 km outside London[3]; the average commuter in London uses

[2] Office for National Statistics 'Commuting time by Travel to Work Areas' (2019)
[3] Office for National Statistics 'Commuting time by Travel to Work Areas' (2019)

rail/tube[4] which emits 0.024 (kg CO_2 per passenger km)[5]; the average commuter outside London uses a car/van[6] which emits 0.168 (kg CO_2 per passenger km)[7].

Estimates of IBM commuter travel in the UK are based off the most common mode of transportation, driving outside London and rail/tube inside London. CO2 emissions were calculated by multiplying the average number of employees in attendance at IBM UK Limited sites in the year, by a calculated emissions factor (estimated commuter distance (km) for the most common mode of transport multiplied by the appropriate emission factors as provided by DEFRA, and TFL) for that same year.

Waste generated in operations:
Since 1988, IBM has maintained a goal for recycling of non-hazardous wastes generated in its operations. IBM focuses its efforts on making its operations more efficient to reduce waste generation and increase recycling. These efforts deliver demonstrable emissions reductions.

IBM has made an effort to estimate the GHG emissions associated with the processing of waste generated in the UK. IBM has record of the types and volumes of waste (in Kilograms) generated at each location and the treatment/disposal method that was used for that waste. We can then use DEFRA emission factors to convert to GHG emissions. We allocate total emissions to IBM UK Limited by using the number of Full-time equivalent (FTE) of IBM UK Limited employees at each facility.

Upstream transportation and distribution:
IBM does not have manufacturing or assembly operations and therefore there are no transportation and distribution activities of products purchased between IBM UK Limited operations and its tier 1 suppliers, in vehicles not owned or operated by IBM UK Limited. For this reason, GHG emissions for this Scope 3 category are not being reported.

Globally, IBM's upstream suppliers manage their own logistics and shipping operations. There are a large number of suppliers and locations from which IBM sources parts and components. Also, our suppliers manage transportation and packaging of components and parts to IBM as they are doing the same for multiple customers. IBM does not employ logistics suppliers who perform a substantial amount of their work for IBM, nor does IBM have suppliers for whom IBM represents anywhere close to a majority of their revenue. We influence the reduction of emissions by focusing on reducing packaging volume and weight, and by working with our key logistics suppliers to incentivize them to establish their own targets to reduce emissions from their operations.

Downstream transportation and distribution:
There is no transportation and distribution of sold IBM products in vehicles and facilities not owned or controlled by the IBM UK Limited organization. For this reason, GHG emissions for this Scope 3 category are not being reported.

[4] Transport for London
[5] TFL 2024
[6] Department for Transport (202)
[7] DEFRA UK Conversion Emission Factors 2024

At the global level, logistics and shipping activities directly supporting IBM's global operations are managed by many different providers playing different roles and, in most cases, IBM is removed by multiple tiers from the carriers that actually transport our products. Further, IBM's purchases constitute but a very small percentage of any supplier's business. In addition, IBM's logistics operations are widely dispersed across geographies, shippers and consolidated loads do not allow credible estimates of GHG emissions. For this reason, IBM does not presently try to determine the mileage, weight and GHG emissions associated with the transport of IBM products. However, we do work to maximize the efficiency of our logistics operations for activities we can control. IBM has a packaging engineering organization which designs and/or improve the efficiencies of packaging for IBM products and packaging used to move components to IBM product assembly locations. These engineering efforts have reduced packaging volume and weight to make shipping more efficient by increasing shipping density. These results effectively reduce the emissions associated with product shipment, in addition to the direct reductions in packaging materials.

Emissions reduction targets

In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets:

IBM has set an interim goal to reduce IBM's GHG emissions 65 percent by 2025 against base year 2010, adjusted for acquisitions and divestitures. This goal achieves a rate of reduction that equals or exceeds what scientific recommendations from the UN Intergovernmental Panel on Climate Change (IPCC) indicate is necessary to limit Earth's warming to 1.5 degrees Celsius above pre-industrial levels. We challenge ourselves by not including the purchase of nature-based carbon offsets to comprise any emissions reduction.

In support of IBM's GHG emissions goal, IBM has set a goal to procure 75 percent of the electricity IBM consumes worldwide from renewable sources by 2025, and 90 percent by 2030. We include renewable electricity (a) in the grid mix IBM receives from utilities, (b) for which IBM contracts over and above what's contained in the grid mix, and (c) generated on site. We challenge ourselves by not counting the purchase of unbundled Renewable Energy Certificates to comprise any percent renewable if IBM cannot credibly consume the electricity those certificates represent.

In addition, IBM has set a goal to reach net zero greenhouse gas emissions by 2030 using feasible technologies to remove emissions in an amount which equals or exceeds IBM's residual emissions. We aim for residual emissions of 350,000 metric tons of CO2e or less by 2030, with 90 percent of IBM's electricity coming from renewable sources. This covers our Scope 1 and Scope 2 emissions, including emissions associated with IBM's electricity consumption at co-location data centres. We challenge ourselves by setting a numerical target for residual emissions. We anticipate new carbon removal solutions such as direct air capture and support their development with research to accelerate the discovery of enabling materials.

Finally, IBM has set an additional goal to implement a minimum of 3,000 energy conservation projects to avoid the consumption of 275,000 megawatt-hours (MWh) of energy from 2021 to

2025. This goal builds upon IBM’s decades of rigorous energy conservation. From 2021 through 2024 IBM completed 2,650 energy conservation projects, avoiding an estimated 355,000 MWh of energy consumption, thereby meeting the primary objective of this goal.

The company will accomplish these goals by prioritizing actual reductions in its emissions, energy efficiency efforts and increased clean energy use across our operations. This includes all IBM’s operations in the UK.

Carbon Reduction Projects

Completed Carbon Reduction Initiatives:
The following environmental management measures and projects have been completed or implemented since the 2019 baseline. These measures will be in effect when performing the contract.

IBM UK Limited recognize that the most effective way to reduce greenhouse gas emissions is to make the company’s operations more efficient and thereby reduce its consumption of energy. IBM continues the successful registration, since 2012, of its energy management program to ISO 50001 at the corporate level.

In 2024, through its energy management programme, IBM United Kingdom Ltd. saved 1,772,881 kWh of energy with measures that included upgrading to more energy efficient IT servers at our data centres, the shutdown of building equipment due to space consolidation and the upgrade of cooling infrastructure to more energy efficient equipment.

In measuring performance against IBM’s energy conservation goal, we only include the first year’s savings from projects. Accordingly, IBM’s total energy savings and GHG emissions avoidance from these projects are greater than this simple summation of the annual results. We do not include reductions in energy consumption resulting from downsizings, the sale of operations or cost-avoidance actions, such as fuel switching and off-peak load shifting in our energy conservation results.

In addition to energy conservation measures and for that electricity we continue to consume, in 2024, over 99 percent of the electricity consumed across IBM UK Limited operations came from renewable sources. When reporting our consumption of renewable electricity, we count only the renewable electricity that is generated in the grid regions where our consumption actually occurs. We do not rely upon the purchase of unbundled RECs to comprise any "percent renewable" if we cannot credibly consume the electricity those certificates represent.

IBM’s environmental data is subject to internal and external audits in line with our global environmental management system (EMS) and International Organization for Standardization (ISO) 14001 and 50001 certifications at the corporate level. In addition, IBM’s energy consumption and GHG emissions inventories were audited by an independent assessor who issued a limited level of assurance of IBM’s corporate GHG emissions inventory and disclosure process in accordance with ISO 14064-3. Our processes for the quantification and reporting of greenhouse gas (GHG) emissions have also been audited and certified to the ISO 14064-1 standard, including the design, development, management, reporting and verification of IBM’s GHG emissions inventory.

Future carbon reduction initiatives

In the future we plan to implement further measures to reduce operational emissions with a particular focus on conservation actions associated with our real estate portfolio and IT assets.

Declaration and Sign Off

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

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[8] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting[9].

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard[10].

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

Signed on behalf of the Supplier:

LEON BUTLER – GENERAL MANAGER, IBM UK & IRELAND

Date: .....09/09/2025.....

[8] https://ghgprotocol.org/corporate-standard
[9] https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting
[10] https://ghgprotocol.org/standards/scope-3-standard