

Second-Party Opinion

DataBank Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the DataBank Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Energy Efficiency, Green Buildings, Renewable Energy, Sustainable Water and Wastewater Management, and Clean Transportation – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 6, 7, 9 and 11.



PROJECT EVALUATION AND SELECTION DataBank's Green Finance Committee will evaluate and select eligible projects against the eligibility criteria. DataBank's environmental and social risk assessment process is applicable to all allocation decisions. Sustainalytics considers these risk management systems to be adequate and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS DataBank's Chief Accounting Officer will be responsible for the allocation of proceeds to eligible assets and will track the proceeds through an internal accounting system. DataBank intends to reach full allocation of proceeds within 36 months of issuance. Pending allocation, unallocated proceeds will be temporarily held or invested in accordance with DataBank's cash investment policy or used to repay outstanding debt. This is in line with market practice.



REPORTING DataBank commits to report on allocation and impact of proceeds on its website or share with its investors and lenders on an annual basis until full allocation. Allocation reporting will include the amount of proceeds allocated to each eligible green project, the list of eligible projects funded, the balance of unallocated proceeds and the proportion of financing versus refinancing. In addition, DataBank is committed to reporting on relevant impact metrics. Sustainalytics views DataBank's allocation and impact reporting commitments as aligned with market practice.

Second-Party
Opinion



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Introduction

DataBank Holdings Ltd. (“DataBank” or the “Company”) is a data centre platform which provides enterprise-class edge co-location, interconnection and managed cloud services. The Company is headquartered in Dallas, US and was founded in 2005. It owns and operates 65 data centres and provides services to more than 3,000 customers.^{1,2}

DataBank has developed the DataBank Green Finance Framework dated September 2023 (the “Framework”) under which the Company, its subsidiaries and special-purpose vehicles³ intend to issue green bonds, commercial papers, securitizations,⁴ obtain loans, including construction loans, term loans, revolving credit facilities, guarantee lines or letters of credit and other green debt financial instruments (the “Green Financing Instruments”),⁵ and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to demonstrate positive environmental impacts (the “Eligible Projects”). The Framework defines eligibility criteria in five areas:

1. Energy Efficiency
2. Green Buildings
3. Renewable Energy
4. Sustainable Water and Wastewater Management
5. Clean Transportation

DataBank engaged Sustainalytics to review the DataBank Green Finance Framework and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)⁶ and the Green Loan Principles 2023 (GLP).⁷ The Framework will be published in a separate document.⁸

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁹ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.14, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of DataBank’s management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. DataBank

¹ DataBank, “DataBank’s History”, at: <https://www.databank.com/about-databank/databanks-history/>

² DataBank, “Environmental, Social and Governance Report”, (2022), at: <https://databank.drift.click/271713ab-4e35-4c99-93dd-312d36cc51e5>

³ The Framework requires DataBank to be responsible for ensuring continual alignment of any issuances by its subsidiaries and special-purpose vehicles with the criteria defined in the Framework.

⁴ For securitizations, the Framework requires the Company to clearly distinguish between a secured green standard bond and a secured green collateral bond as per the voluntary process guidelines published in the June 2022 Appendix 1 of the GBP 2021. For such issuances, the Framework additionally requires: i) the proceeds of a secured green standard bond to be allocated to Eligible Projects; and ii) the collateral underlying the securitization of a secured green collateral bond to align with the criteria in the Framework. DataBank commits to ensuring no double-counting of Eligible Projects under the secured green standard bond, secured green collateral bond and any other outstanding green financing.

⁵ Sustainalytics has reviewed only those financial instruments that are specified under the Framework.

⁶ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

⁷ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

⁸ The DataBank Green Finance Framework is available at: <https://www.databank.com/>

⁹ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

representatives have confirmed that: (1) they understand it is the sole responsibility of DataBank to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and DataBank.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. DataBank is encouraged to update the Framework after 24 (twenty-four) months from the evaluation date, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that DataBank has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the DataBank Green Finance Framework

Sustainalytics is of the opinion that the DataBank Green Finance Framework is credible and impactful and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories - Energy Efficiency, Green Buildings, Renewable Energy, Sustainable Water and Wastewater Management and Clean Transportation - are aligned with those recognized by the GBP and GLP.
 - DataBank has defined a two-year look-back period for refinancing activities for the Eligible Projects other than green collateral underlying securitizations.
 - Under the Energy Efficiency category, DataBank contemplates expenditures related to improvement of energy performance of new or existing data centres and offices. Expenditures under the category will meet one of the following thresholds:
 - Data centres with design or annualized operating power usage effectiveness (PUE) of 1.5 or below.
 - Upgrades, retrofits or improvements to data centres that improve the energy efficiency of the facilities by at least 2% per annum through the installation of efficient mechanical and cooling equipment. The expenditures will exclude fossil fuel powered equipment.
 - Sustainalytics views these expenditures as aligned with market practice.
 - In the Green Buildings category, DataBank intends to invest in projects involving design, construction and maintenance of data centre buildings and offices. The Company has communicated to Sustainalytics that for data centres buildings, the expenditure will not include financing of data centre equipment within the building. The Framework stipulates investments in projects that are certified with one of the following certifications i) BREEAM Excellent or

- Outstanding;¹⁰ ii) LEED Gold or Platinum;¹¹ iii) Green Globes 3 or 4 Globes;¹² or iv) Energy Star score of 85 or greater.¹³ Sustainalytics views these certifications to be credible and the levels selected as aligned with market practice.
- Under the Renewable Energy category, DataBank contemplates expenditures related to renewable energy generation and procurement for data centres and offices, including: i) renewable energy generation through solar photovoltaic power, onshore and offshore wind energy, geothermal energy and hydropower; ii) purchase of renewable energy through long-term (greater than five years) power purchase agreements (PPAs) and virtual power purchase agreements; and iii) battery storage assets that are connected to renewable energy projects defined in the Framework.
 - Geothermal energy facilities will be limited to those with life cycle GHG emissions below 100 gCO₂e/kWh.
 - Hydropower projects financed will meet at least one of the following criteria: i) run-off river plant without an artificial reservoir; ii) a power density above 10 W/m²; or iii) have a life cycle carbon intensity below 50 gCO₂e/kWh. DataBank has confirmed to Sustainalytics that for any new hydropower plant, the Company will conduct an environmental and social risk assessment by a credible body and will ensure that no significant controversy and risk surround the project.
 - DataBank has communicated to Sustainalytics that renewable energy certificates (RECs) will be a part of the PPAs and will have long-term maturity greater than five years. In addition, the Company has confirmed that it will exclude procurement of power generated through nuclear and natural gas facilities.
 - Sustainalytics considers investments under this category to be in line with market practice.
 - In the Sustainable Water and Wastewater Management category, DataBank contemplates expenditures related to the upgrade or replacement of systems that aim to enhance water efficiency in data centres and offices by 20% as determined by water usage effectiveness (WUE). Expenditure may include water-efficient cooling solutions. Sustainalytics considers these investments to have a positive environmental impact.
 - Under the Clean Transportation category, DataBank contemplates expenditures related to the installation, acquisition and maintenance of infrastructure associated with electric vehicles, such as electric vehicle charging stations. DataBank will exclude construction of parking facilities and new and existing road infrastructure. Sustainalytics considers expenditures under this category to be aligned with market practice.
 - Project Evaluation and Selection:
 - DataBank's Green Finance Committee (the "Committee") will be responsible for evaluating and selecting eligible projects according to the eligibility criteria in the Framework. The Committee consists of representatives from DataBank's ESG, Accounting, Finance and Legal departments.
 - The Committee's members from the Company's ESG Committee will ensure the implementation of DataBank's key ESG policies and practices during the project evaluation process. In addition, eligible green projects will comply with local regulations and the Committee will be responsible for assessing environmental and social risks associated with all eligible projects financed under the Framework. For additional details, see Section 2.
 - Based on the delegation of responsibility and the presence of adequate environmental and social risk management systems, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - DataBank's Chief Accounting Officer will be responsible for allocating proceeds to the eligible projects portfolio. The Company will track the proceeds through an internal accounting system.
 - DataBank intends to reach full allocation for any green bond, loan or secured green standard bond within 36 months of issuance. Pending full allocation, the proceeds will be temporarily invested in accordance with the Company's cash investment policy or be used to repay

¹⁰ BREEAM, at: <https://bregroup.com/products/breeam/>

¹¹ LEED, at: <https://www.usgbc.org/leed>

¹² Green Globes, at: <http://www.greenglobes.com/about.asp#introduction>

¹³ Energy Star, at: https://www.energystar.gov/buildings/building_recognition/building_certification

outstanding debt. The Company has confirmed to Sustainalytics that repayment of outstanding debt will not be associated with carbon-intensive activities. In case where multi-tranche loans are obtained, only those tranches that finance the eligible projects under the Framework will be labelled as “green”.

- Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - DataBank commits to reporting on the allocation of proceeds and corresponding impact, which will be published on its website on an annual basis until full allocation. In case a report is not published on the website; DataBank commits to share it with the relevant investors or lenders. For revolving credit facilities, the reporting will continue until the maturity of such facilities.
 - In case any secured green collateral bonds or secured green standard bonds are fully allocated at the time of issuance, the Company intends to publish allocation and impact reporting along with the offering documentation and ongoing allocation reporting will not occur due to immediate allocation of net proceeds.
 - Allocation reporting will include the total amount of proceeds allocated to each eligible green project category; a list of funded eligible green projects; the share of financed versus refinanced net proceeds; and the balance of allocated and unallocated proceeds.
 - Impact reporting will include metrics such as: PUE; energy savings (in MWh per year); avoided GHG emissions (in mtCO₂e); the level of green buildings certification obtained; electricity generated from renewable energy sources (in MWh); water use savings (in gallons) and WUE; and the number of electric vehicle charging stations installed.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the DataBank Green Finance Framework aligns with the four core components of the GBP and GLP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of DataBank

Contribution to DataBank’s sustainability strategy

DataBank’s sustainability strategy focuses on the following environmental areas: i) reducing carbon emissions ii) investing in energy efficiency; iii) procuring renewable power; iv) improving waste and water management; and v) managing climate risk and resilience strategies.¹⁴

In 2020, DataBank established its baseline GHG emissions following the GHG protocol. In 2022, the Company conducted an initial materiality assessment, which identified material ESG topics and goals for the Company to align with guidelines and frameworks such as the OECD Guidelines for Multinational Corporations, the UN Global Compact, UN SDGs, SASB and TCFD.¹⁵

To reduce its GHG emissions, DataBank has set a goal of achieving net zero GHG emissions for its scope 1 and scope 2 emissions by 2030. To achieve this goal, the Company has developed a net zero roadmap that includes reducing scope 1 and scope 2 emissions by improving energy efficiency, adopting new technologies, and procuring and generating renewable power. However, the Company has disclosed an increasing trend in its scope 2 and 3 emissions and emissions intensity from 2020 to 2022 due to an increase in its acquisition and construction activities.¹⁶

In 2022, DataBank disclosed that the Company has invested more than USD 2 million in energy efficiency initiatives reducing PUE from 1.8 in 2021 to 1.56 in 2022 across its data centres portfolio. Furthermore, 44% of DataBank’s electricity demand was derived from renewable sources, including grid renewables, utility tariff programmes and RECs. The Company has also developed a pipeline of energy efficiency projects with a goal to complete five projects expected to save 4000 MWh in 2023.^{17,18}

¹⁴ DataBank, “Environmental, Social, and Governance Report 2022”, (2022), at: <https://databank.drift.click/271713ab-4e35-4c99-93dd-312d36cc51e5>

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ DataBank has communicated to Sustainalytics that the Company is on track to achieve this goal by the end of 2023.

In 2022, DataBank started tracking water usage across its facilities to assess its water footprint in water-stressed areas. As per the assessment, approximately 20% of DataBank's water footprint from its datacentre portfolio is located in water-stressed areas, where the Company intends to focus on optimizing water resources.¹⁹ To reduce water consumption, DataBank's standard data centre design uses closed-loop chilled water systems to recycle water through the closed loop, thus consuming no additional water.²⁰

DataBank has also developed climate resilience strategies that include measures for achieving net zero GHG emissions for its scope 1 and scope 2 emissions and assessing chronic and acute physical stresses during the siting and construction process. In 2022, the Company assessed each of its facilities for physical short-, mid- and long-term climate-related risks and developed emergency response and business continuity plans to address these risks.²¹

Sustainalytics is of the opinion that the DataBank Green Finance Framework is aligned with DataBank's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities. Additionally, Sustainalytics encourages DataBank to develop and report on its specific quantifiable and time-bound mid-term goals to further strengthen its sustainability focus and practices.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have a positive environmental and social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving land use and biodiversity issues associated with large-scale infrastructure development; emissions, effluents and waste generated in construction activities and operation of data centres; occupational health and safety; community relations; cybersecurity; and privacy.

Sustainalytics is of the opinion that DataBank is able to manage or mitigate potential risks through implementation of the following:

- To manage land use and biodiversity issues associated with large-scale infrastructure development, DataBank is establishing an environmental management system (EMS) under its Environmental Health and Safety (EHS) Policy.²² DataBank has communicated to Sustainalytics that the EMS will include due diligence processes in the form of environmental risk assessments for new and existing data centre facilities and it is expected to align with ISO 14001. DataBank's EHS Policy requires the Company to comply with all applicable local and federal environmental laws, regulations and requirements. DataBank has confirmed to Sustainalytics that the Company complies with the National Environment Policy Act in the US, which addresses biodiversity-related risks by requiring environmental impact assessments for large-scale infrastructure projects.²³ Additionally, DataBank has communicated to Sustainalytics that the Company assesses and mitigates biodiversity impacts through its risk management process, such as wetland and habitat mitigation during the construction phase.
- To address the risks related to emissions, effluents and waste generated in construction activities and the operation of data centres, DataBank's EHS Policy requires the Company to comply with all applicable local and federal environmental regulations and reduce its environmental impacts through the management of hazardous materials, emissions to air and water, noise and light pollution and generated waste spill prevention measures. DataBank has communicated to Sustainalytics that its EHS policy is applicable to its contractors and suppliers. Additionally, DataBank has confirmed to Sustainalytics that the Company complies with the US Environmental Agency's Resource Conservation and Recovery Act, which sets requirements for the storage and disposal of all hazardous and non-hazardous waste.²⁴
- With regard to risks associated with occupational health and safety, DataBank's EHS Policy requires the Company to comply with all applicable health and safety laws and regulations.²⁵ DataBank's Safety Committee oversees compliance with the EHS Policy, including the requirements to provide and maintain a healthy working environment, safe efficient facilities and equipment, safe work systems, procedures and safety devices, and personal protective equipment.²⁶ In addition, the

¹⁹ DataBank, "Environmental, Social, and Governance Report 2022", (2022), at: <https://databank.drift.click/271713ab-4e35-4c99-93dd-312d36cc51e5>

²⁰ DataBank, "Environment", at: <https://www.databank.com/about-databank/environment-social-and-governance-esg/environment/>

²¹ DataBank, "Environmental, Social, and Governance Report 2022", (2022), at: <https://databank.drift.click/271713ab-4e35-4c99-93dd-312d36cc51e5>

²² DataBank, "Environmental Health and Safety Policy", (2022), at: <https://databank.drift.click/aedc1668-8c60-4912-811a-1afac7cdf82d>

²³ US Environmental Protection Agency, "What is the National Environmental Policy Act?", at: <https://www.epa.gov/nepa/what-national-environmental-policy-act>

²⁴ US Environmental Protection Agency, "Resource Conservation and Recovery Act (RCRA) Laws and Regulations", at: <https://www.epa.gov/rcra>

²⁵ DataBank, "Environmental Health and Safety Policy", (2022), at: <https://databank.drift.click/aedc1668-8c60-4912-811a-1afac7cdf82d>

²⁶ Ibid.

Company provides required safety training to all employees and has established emergency response plans, safety equipment audits and evacuation planning.²⁷

- To manage risks related to the impact on communities, DataBank collaborates with local, state and federal agencies to comply with all permitting requirements with considerations in community impacts for new construction.²⁸
- To manage cybersecurity-related risks, DataBank has established a security programme to ensure that the Company and its customer information systems are protected from threats, intrusion and disruption.²⁹ The programme is led by the Chief Information Security Officer and maintained by the security and compliance teams.³⁰ DataBank conducts risk assessments in compliance with FedRamp³¹ requirements.³² In addition, the Company has implemented a standardized control framework (NIST SP 800-53³³) of physical and cybersecurity by advising external and internal clients on security integration.³⁴ The Company is also certified annually for compliance with various frameworks, including FedRAMP, FISMA, SSAE18 SOC, SOC2 and SOC3, HIPAA, PCI-DSS, NIST SP800-53R4, GLBA, CSA-STAR and Privacy Shield – GDPR. DataBank reports identified security events quarterly to its board of directors and annually through its ESG report. DataBank also requires all employees and contractors to complete security training annually.
- With regard to privacy risks, DataBank’s Privacy Policy mandates compliance with the EU-US Privacy Shield Framework.³⁵ Under the Privacy Policy, the Company also commits to being subject to the regulations of the US Federal Trade Commission.³⁶
- Sustainalytics further notes that projects financed under the Framework are based in the US and the UK, which are recognized as Designated Countries under the Equator Principles. This indicates the presence of robust environmental and social governance systems, legislation and institutional capacity for protecting the environment and communities, including stakeholder engagement for certain new projects.³⁷

Based on these policies, standards and assessments, Sustainalytics is of the opinion that DataBank has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All five use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics focuses below on where the impact is specifically relevant in the local context.

Importance of energy efficiency in data centres

Data centres are inherently energy-intensive technologies because of its servers, storage equipment, backups and power cooling infrastructure.³⁸ This translates into significant electricity demand from data centres, recorded at 240-340 terawatt hours or approximately 1 to 1.13% of global electricity use in 2022.^{39,40} US data centres consumed an estimated 17 gigawatts of power in 2022 and are expected to reach 35 GW of consumption by 2030.⁴¹

Continuous improvements in energy efficiency through advanced servers, storage devices, network switches and infrastructure are required to curb the increase in power consumption of data centres.⁴² Despite a six-

²⁷ DataBank, “Environmental, Social, and Governance Report 2022”, (2022), at: <https://databank.drift.click/271713ab-4e35-4c99-93dd-312d36cc51e5>

²⁸ Ibid.

²⁹ DataBank, “Governance”, at: <https://www.databank.com/about-databank/environment-social-and-governance-esg/governance/>

³⁰ Ibid.

³¹ US General Services Administration, Federal Risk and Authorization Management Program (FedRamp), at: <https://www.fedramp.gov/>

³² DataBank, “Environmental, Social, and Governance Report 2022”, (2022), at: <https://databank.drift.click/271713ab-4e35-4c99-93dd-312d36cc51e5>

³³ The NIST 800-53 is a cybersecurity standard and compliance framework developed by the National Institute of Standards in Technology. More details are available at: <https://csrc.nist.gov/pubs/sp/800/53/r5/upd1/final>

³⁴ DataBank, “Governance”, at: <https://www.databank.com/about-databank/environment-social-and-governance-esg/governance/>

³⁵ The EU-U.S. Data Privacy Framework (EU-U.S. DPF), at: <https://www.dataprivacyframework.gov/s/program-overview>

³⁶ DataBank, “Privacy Policy”, (2022), at: <https://www.databank.com/privacy/>

³⁷ Equator Principles, “About the Equator Principles”, at: <https://equator-principles.com/about-the-equator-principles/>

³⁸ Ratka, S. and Boshell, F. (2020), “The nexus between data centres, efficiency and renewables: a role model for the energy transition”. Energypost.eu, at: <https://energypost.eu/the-nexus-between-data-centres-efficiency-and-renewables-a-role-model-for-the-energy-transition/>

³⁹ International Energy Agency, “Data Centers and Data Transmission Networks”, (2023), at: <https://www.iea.org/energy-system/buildings/data-centres-and-data-transmission-networks#tracking>

⁴⁰ This excludes energy used for cryptocurrency mining, which was 110 terawatt hours in 2022.

⁴¹ Bangalore, S. et al. (2023), “Investing in the rising data center economy”, McKinsey & Company, at: <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/investing-in-the-rising-data-center-economy>

⁴² US Department of Energy, “United States Data Center Energy Usage Report”, (2016), at: <https://betterbuildingssolutioncenter.energy.gov/resources/united-states-data-center-energy-usage-report>

fold increase in the computing power of data centres and a ten-fold increase in internet traffic, the global energy consumption of data centres increased by only 6% between 2010 and 2018, thanks to energy efficiency improvements.⁴³ Nevertheless, considering the historical 20-40% annual increase in energy use in large data centres, global data centre energy consumption is still expected to increase over the next few years but the long-term trends remain uncertain.⁴⁴

In the US, the federal government promotes energy efficiency in data centres through different initiatives, such as the Federal Energy Management Programme’s Centre of Expertise for Energy Efficiency in Data Centres, which provides technical support, tools, analysis and best practices for energy efficiency projects in data centres.^{45,46} The Energy Star programme also offers options for data centres to improve the energy efficiency of facilities and equipment.^{47,48}

Given this context, Sustainalytics considers DataBank’s investments aimed at improving the energy efficiency and PUE of data centres in the US, as contributing to reducing the industry’s energy footprint, thereby generating a positive environmental impact.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the DataBank Green Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Energy and Resource Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

⁴³ Knight, W. (2020), “Data Centers Aren’t Devouring the Planet’s Electricity—Yet”, Wired, at: <https://www.wired.com/story/data-centers-not-devouring-planet-electricity-yet/>

⁴⁴ International Energy Agency, “Data Centres and Data Transmission Networks”, (2023), at: <https://www.iea.org/energy-system/buildings/data-centres-and-data-transmission-networks#tracking>

⁴⁵ US Department of Energy, Berkeley Lab Center of Expertise for Energy Efficiency in Data Centers, “Who We Are”, at: <https://datacenters.lbl.gov/who-we-are>

⁴⁶ US Department of Energy, “Energy Efficiency in Data Centers”, at: <https://www.energy.gov/eere/femp/energy-efficiency-data-centers>

⁴⁷ US Environmental Protection Agency, “ENERGY STAR Expands Efforts to Improve Energy Efficiency of US Data Centers”, (2021), at: <https://www.epa.gov/newsreleases/energy-star-expands-efforts-improve-energy-efficiency-us-data-centers>

⁴⁸ Energy Star, “Data Centers”, at: https://www.energystar.gov/products/data_centers

Conclusion

DataBank has developed the DataBank Green Finance Framework under which the Company, its subsidiaries and special-purpose vehicles intend to issue green bonds, commercial papers, securitizations, obtain loans, including construction loans, term loans, revolving credit facilities, guarantee lines or letters of credit and other green financial instruments (the “Green Financing Instruments”), and use the proceeds to finance and refinance project costs related to renewable energy, clean transportation, energy and water efficiency improvements for new or existing data centres and associated infrastructure. Sustainalytics considers that the projects funded by the green finance proceeds are expected to provide a positive environmental impact.

The Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the DataBank Green Finance Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 6, 7, 9 and 11. Additionally, Sustainalytics is of the opinion that DataBank has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that DataBank is well positioned to issue green bonds and that the Databank Green Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	DataBank
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	DataBank Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	September 12, 2023
Publication date of review publication: Original publication date <i>[please fill this out for updates]</i> :	

Section 2. Review overview

SCOPE OF REVIEW

The review:

- assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*).
- assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
 - Use of Proceeds
 - Management of Proceeds
 - Process for Project Evaluation and Selection
 - Reporting
- assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones:

ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- Second Party Opinion
- Verification
- Other (please specify):
- Certification
- Scoring/Rating

Does the review include a sustainability quality score?

- Of the issuer
- Of the Framework
- Of the project
- Other (please specify):

- No scoring

ASSESSMENT OF THE PROJECT(S)

Does the review include:

- The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?
- The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond?
- The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

ISSUER'S OVERARCHING OBJECTIVES

Does the review include:

- An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- An identification and assessment of environmental, social and governance related risks of adverse impact through the Issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

CLIMATE TRANSITION STRATEGY

Does the review assess:

- The issuer's climate transition strategy & governance?
- The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- The credibility of the issuer's climate transition strategy to reach its targets?
- The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways that are deemed necessary to limit climate change to targeted levels?
- The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically?

Overall comment on this section:

Section 3. Detailed review

1. USE OF PROCEEDS

Does the review assess:

- the environmental/social benefits of the project(s)?
- whether those benefits are quantifiable and meaningful?
- for social projects, whether the target population is properly identified?

Does the review assess if the issuer provides clear information on:

- the estimated proceeds allocation per project category (in case of multiple projects)?
- the estimated share of financing vs. re-financing (and the related lookback period)?

Overall comment on this section: The eligible categories for the use of proceeds – Energy Efficiency, Green Buildings, Renewable Energy, Sustainable Water and Wastewater Management, and Clean Transportation – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 6, 7, 9 and 11.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Does the review assess:

- whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognised international standards? Please specify which ones. *Sustainalytics has a proprietary taxonomy which is influenced by the EU taxonomy, Climate Bonds Initiative taxonomy as well as international standards.*
- whether the eligible projects are aligned with the overall sustainability strategy of the issuer and/or if the eligible projects are aligned with material ESG-related objectives in the issuer's industry?
- the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?
- the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?
- any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

Overall comment on this section: DataBank's Green Finance Committee will evaluate and select eligible projects against the eligibility criteria. DataBank's environmental and social risk assessment process is applicable to all allocation decisions. Sustainalytics considers these risk management systems to be adequate and the project selection process to be in line with market practice.

3. MANAGEMENT OF PROCEEDS

Does the review assess:

- the issuer's policy for segregating or tracking the proceeds in an appropriate manner?
- the intended types of temporary investment instruments for unallocated proceeds?
- Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

Overall comment on this section: DataBank's Chief Accounting Officer will be responsible for the allocation of proceeds to eligible assets and will track the proceeds through an internal accounting system. DataBank intends to reach full allocation of proceeds within 36 months of issuance. Pending allocation, unallocated proceeds will be temporarily held or invested in accordance with DataBank's cash investment policy or used to repay outstanding debt. This is in line with market practice.

4. REPORTING

Does the review assess:

- the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?
- the frequency and the means of disclosure?
- the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

Overall comment on this section: DataBank commits to report on allocation and impact of proceeds on its website or share with its investors and lenders on an annual basis until full allocation. Allocation reporting will include the amount of proceeds allocated to each eligible green project, the list of eligible projects funded, the balance of unallocated proceeds and the proportion of financing versus refinancing. In addition, DataBank is committed to reporting on relevant impact metrics. Sustainalytics views DataBank's allocation and impact reporting commitments as aligned with market practice.

Section 4. Additional Information

Useful links (e.g. to the external review provider's methodology or credentials, to the full review, to issuer's documentation, etc.)

Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:

Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 6, 7, 9 and 11.

Additional assessment in relation to the issuer/bond framework/eligible project(s):

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

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