

# DataBank Holdings Ltd.

**Type of Engagement:** Green Bond Pre-Issuance Review

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## Introduction

In 2023, DataBank Holdings Ltd. (“DataBank”, the “Parent”, the “Company”) developed the DataBank Green Finance Framework (the “Framework”)<sup>1</sup> under which the Company through its special-purpose vehicles – DataBank Issuer, LLC and DataBank Co-Issuer, LLC (the “Issuers”)<sup>2</sup> – intends to issue a green bond to securitize eligible data centres (the “2024 Green Issuance”), as part of a larger asset-backed securitization.<sup>3</sup> Sustainalytics provided a Second Party Opinion on the Framework in September 2023.

In January 2024, DataBank engaged Sustainalytics to review the projects (the “Nominated Projects”) that will be securitized and (re)financed through the 2024 Green Issuance<sup>4</sup> to provide an assessment as to whether the projects comply with the use of proceeds, project selection, and management of proceeds sections of the Framework.

## Evaluation Criteria

Sustainalytics evaluated the Nominated Projects as to whether:

1. They are aligned with the use of proceeds eligibility criteria in the Framework;
2. The commitments to select projects and manage proceeds are aligned with the ones described in the Framework.

Appendix 2 provides a summary of the Nominated Projects.

## Issuing Entity’s Responsibility

DataBank is responsible for providing accurate information and documentation relating to the Nominated Projects, including a description of the projects. This information was provided to Sustainalytics to support its review. DataBank is also responsible for confirming to Sustainalytics that the processes for project selection and management of proceeds will remain aligned with the commitments in the Framework.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the green bond. The work undertaken as part of this engagement included verification of the Nominated Projects and confirmation from representatives of DataBank that the use of proceeds, processes for project selection and management of proceeds for the 2024 Green Issuance will remain aligned with the commitments described in the Framework.

Sustainalytics has relied on the information and the facts presented by DataBank with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by DataBank.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment.

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<sup>1</sup> The DataBank Green Finance Framework is available at: <https://www.databank.com/>

<sup>2</sup> DataBank has communicated to Sustainalytics that it has operational control over the Issuers. The Parent has further confirmed that it will be responsible for ensuring continual alignment of the issuance with the criteria defined in the Framework.

<sup>3</sup> DataBank has communicated to Sustainalytics that the secured green collateral bond is part of an asset-backed securitization with Rule 144A. The Company has communicated to Sustainalytics that the sale of stock shares to investors will be excluded from the 2024 Green Issuance.

<sup>4</sup> DataBank has confirmed to Sustainalytics that the Company will ensure no double-counting of Nominated Projects with any other outstanding green financing instruments.

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### **Conclusion**

Based on the limited assurance procedures conducted,<sup>5</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Projects and the 2024 Green Issuance are not aligned with the Framework.

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<sup>5</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of projects and assets, including description, estimated and realized costs, and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Appendix 1: Use of Proceeds Eligibility Criteria

In September 2023, DataBank developed the Framework under which the Company through its special-purpose vehicles<sup>6</sup> may 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 debt financial instruments, and use the proceeds to finance or (effectively) refinance, in whole or in part, existing or future projects that meet the eligibility criteria listed below:

Use of Proceeds Category	Eligibility Criteria
Energy Efficiency	<ul style="list-style-type: none"> <li>Data centres with design Power Usage Effectiveness (“PUE”) of 1.5 or below for existing, retrofitted and new-build data centre infrastructure.</li> <li>Data centres achieving annualized operating PUE of 1.5 or below for existing, retrofitted and new-build data centre infrastructure as of the latest calendar year end prior to allocation.</li> </ul>

## Appendix 2: Summary of the Nominated Projects

As of January 2024, the Nominated Projects include seven data centres, as listed below:

Use of Proceeds Category	Energy Efficiency	
Geographic Location	US	
Project Description	Refinancing for existing data centres	The Nominated Projects include refinancing <sup>7</sup> of five data centres with annualized operating PUE of 1.5 or less: <ul style="list-style-type: none"> <li>Debt refinancing for HOU1, HOU2, HOU3, HOU4 in Houston; and DFW3 in Dallas.</li> <li>Additional capital for HOU4 expansion.</li> </ul>
	Financing for new data centres <sup>8</sup>	The financing of two data centres with design PUE of 1.5 or less: <ul style="list-style-type: none"> <li>DEN5 in Denver and LGA3 in Orangeburg, NY.</li> </ul>

<sup>6</sup> 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.

<sup>7</sup> DataBank has communicated to Sustainalytics that the lookback period for refinancing these projects is 24 months and proceeds will be fully allocated at the time of issuance.

<sup>8</sup> DataBank has communicated to Sustainalytics that DEN5 and LGA 3 projects will not be securitized under the 2024 Green Issuance and that these projects assets will not be part of the collateral as of the closing date of the 2024 Green Issuance. Sustainalytics notes that the said projects are nonetheless aligned with the use of proceeds criteria defined in the Framework.

## Appendix 3: Sustainalytics' Findings

<b>Eligibility Criteria</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the Nominated Projects to determine if they are aligned with the use of proceeds eligibility criteria outlined in the Framework.	All projects reviewed (Appendix 2) complied with the use of proceeds eligibility criteria.	None
<b>Project Selection and Management of Proceeds Criteria</b>	Verification of the 2024 Green Issuance to determine if the processes for project selection and management of proceeds were consistent with the Framework.	DataBank Holdings Ltd. has confirmed to Sustainalytics that the processes for project selection and management of proceeds for the 2024 Green Issuance are consistent with the commitments described in the Framework.	None

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

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