



OCTOBER 2024

# GREEN FINANCE FRAMEWORK



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## 01

## INTRODUCTION TO DIGITAL EDGE

Headquartered in Singapore, Digital Edge is a trusted and forward-looking data center platform, established to transform digital infrastructure in Asia. Through building and operating state-of-the-art, energy efficient data centers rich with connectivity options, Digital Edge aims to bring new colocation and interconnect options to the Asian market, making infrastructure deployment in the region easy, efficient and economical.

Digital Edge was founded by a seasoned senior management team with decades of industry experience and an established track record of value creation in the data center, cloud and telecommunications industries in the Asia Pacific region. Backed by leading alternative investment firm Stonepeak, Digital Edge has in excess of US\$1 billion in deployed and committed capital, establishing itself as a market leading pan-Asia data center platform. The company provides data center and fiber services across Asia, with a presence in, India, Indonesia, Japan, Korea, Philippines and China.

## ESG AT DIGITAL EDGE

Digital Edge seeks to bridge the digital divide by empowering those in underserved markets to access high quality, high speed digital infrastructure. As the demand for digital resources continues to grow exponentially, Digital Edge's ambition is to build the foundation for the world's digital future in a way that is sustainable for the long term.

Digital Edge has worked to embed ESG principles across the business since it was established in 2020. Its ESG strategy is underpinned by three key pillars; Respect for Resources, Respect for People & Communities and Respect for Transparency. Each of these pillars is subdivided into material topics that are focus areas for the business, supported by relevant key performance indicators.

Alongside this the company has set a number of ambitious ESG goals including commitments to:

- be a carbon neutral data center organization by 2030;
- source 50% of its power from renewable or carbon free sources by 2025, and 100% by 2030;
- achieve a minimum of LEED Silver certification for all greenfield developments; and
- leverage the latest technologies to optimize energy and water efficiency, striving to achieve a target annualized PUE (Power Usage Effectiveness) of 1.25 or better at 100% load for new build data center projects.

To achieve these ambitious ESG goals, Digital Edge understands it is critical for the company to embrace innovation, by continuing to adopt cutting-edge technologies, initiatives, and processes. For instance, Digital Edge has developed a closed-loop hybrid cooling system that has the ability to adapt to varying ambient conditions, optimizing cooling methods which reduce both water and energy consumption.

This Green Finance Framework is an extension of the company's ongoing ESG commitments as well as sustainability innovation, and a recognition that the economic performance of its data center platform goes hand in hand with its sustainability goals.

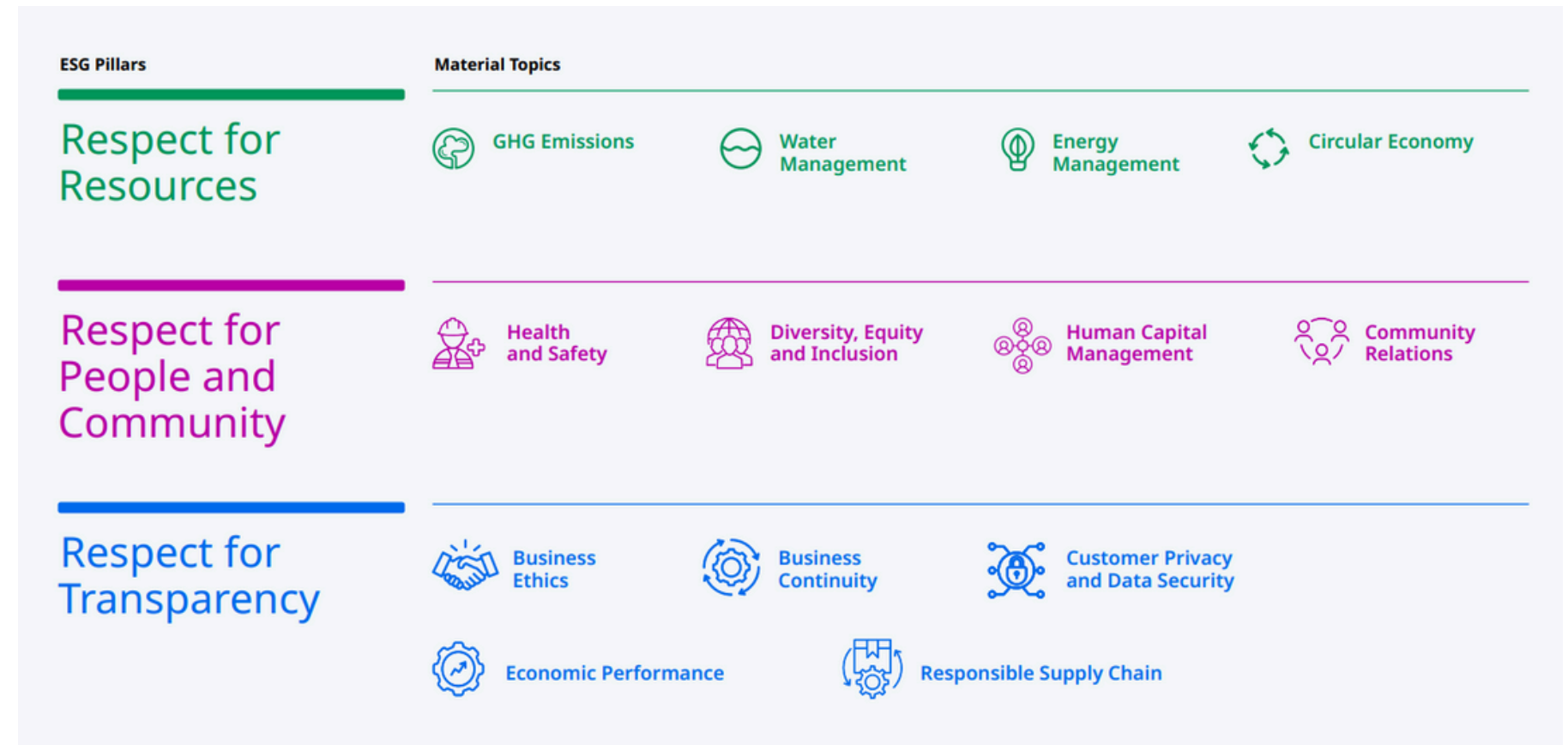


## ESG GOVERNANCE

Digital Edge has established its ESG Steering Committee, which comprises key leaders from across the company whose roles intersect directly with its three ESG pillars. The ESG Steering Committee actively involve their teams in ESG processes and procedures and promote Digital Edge’s values both internally and externally. The ESG Steering Committee is an official committee at Digital Edge and works to create a positive ESG culture across the company.

## ESG MATERIALITY

Digital Edge’s ESG initiatives continue to be based on the topics identified from its internal 2021 Materiality Study. 13 such topics have been identified, which represent the ESG-related issues that are most important to its stakeholders, with the highest opportunity to impact its business in both the short and long term. These materiality topics are grouped under its three pillars of focus, all built on its foundational value of respect – Respect for Resources, Respect for People & Communities, and Respect for Transparency. Objectives are set for each of the material topics to track progress against Digital Edge’s ESG journey, improve the company’s practices in all critical aspects, and ensure the business remains accountable to its shareholders.





## ESG REPORTING

Digital Edge publishes an annual ESG report which covers material issues related to the company's environmental, social and governance structures, policies and procedures, including its carbon reduction and other sustainability goals, and progress in meeting these targets. The report is prepared in alignment with the Sustainability Accounting Standards Board (SASB) standards for software and IT services companies and the Task Force on Climate-Related Financial Disclosures (TCFD). Digital Edge has set a goal to achieve carbon neutrality in its Scope 1 and 2 emissions by 2030, aligning these goals with the Science-Based Targets initiative (SBTi) and iMasons Climate Accord, both of which align to a 1.5°C or lower scenario for global warming, as outlined at the 2015 Paris Agreement.

## 02

## DIGITAL EDGE'S GREEN FINANCE FRAMEWORK

Digital Edge's Green Finance Framework ("**Framework**") demonstrates how Digital Edge intends to issue green instruments (which may include bonds and loans), to finance and/or refinance projects that aim to deliver positive environmental outcomes, which support Digital Edge's sustainability strategy and vision.

The Green Finance Framework is developed in alignment with the below green finance principles and guidelines:

- With respect to bonds, bonds issued under this Framework will be aligned with the International Capital Market Association ("ICMA") Green Bond Principles ("GBP") 2021 (with June 2022 Appendix 1)<sup>[1]</sup>
- With respect to loans, loans issued under this Framework will be aligned with the Green Loan Principles ("GLP") 2023<sup>[2]</sup> jointly published by the Loan Market Association ("LMA"), Asia Pacific Loan Market Association ("APLMA") and Loan Syndications and Trading Association ("LSTA")

The Framework is structured according to the following key pillars:

1. Use of Proceeds
2. Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

<sup>[1]</sup> ICMA, The Green Bond Principles Handbook – Harmonised Framework for Impact Reporting, June 2023.

<sup>[2]</sup> LSTA, [Green Loan Principles, February 2023](#)

The Green Finance Framework may be subsequently revised and updated as Digital Edge’s green financing focus evolves and as the green finance market progresses. Any future updated version of this Framework that may exist will either maintain or improve the current levels of transparency and reporting disclosures and may involve a corresponding review by an external consultant.

## 03

# USE OF PROCEEDS

The net proceeds of green instruments issued by Digital Edge will be used to finance and/or refinance, in whole or in part, eligible green projects (“**Eligible Projects**”) in the following project categories (“**Eligible Project Category**”). All of the Eligible Projects are located in APAC.

The table below provides an overview of the eligibility criteria for Eligible Projects as well as their contributions to the United Nations Sustainable Development Goals (UN SDGs). This list is not exhaustive, given the interconnectedness of the UN SDGs.

Digital Edge prioritizes green projects aligned with the UN SDGs. All projects seeking green financing shall demonstrate clear alignment with the UN SDGs. Any projects that do not contribute to the achievement of the UN SDGs, even if it meets the eligible criteria defined, will be excluded.

### **Exclusion Criteria**

Digital Edge does not intend to allocate proceeds from any green instrument to fossil fuel power generation, storing or distribution assets.







Eligible Project Category(ies)	Eligible Thresholds/ Criteria	Contribution to the UN Sustainable Development Goals	Environmental Objectives
<p><b>Energy Efficiency</b></p>	<p>1. Investments in new data centers that are designed to achieve an annualized PUE target of 1.30<sup>[3]</sup> and 1.40 or lower at 100% load for data centers in cool climates<sup>[4]</sup> and warm climates<sup>[5]</sup> respectively.</p> <p>2. Financing and refinancing of existing data centers that have an annualized design PUE target of 1.30 and 1.40 or lower at 100% load for data centers in cool climates and warm climates respectively.</p>	 	<p>Climate Change Mitigation</p>
<p><b>Sustainable Water and Wastewater Management</b></p>	<p>Expenditures, investments and cost for construction, extension, upgrade, operation and renewal of sustainable water management projects that result in new or existing data centers that have an annualized design Water Usage Efficiency (WUE) of 2.0 or lower at 100% load, such as:</p> <ol style="list-style-type: none"> <li>1. Water-efficient cooling solutions. e.g. StatePoint Liquid Cooling (SPLC) technology</li> <li>2. Closed-loop hybrid cooling tower systems</li> <li>3. Water treatment program with advanced filtration &amp; treatment technology</li> <li>4. Rainwater collection system</li> <li>5. Water infrastructure upgrades for water use optimization (including metering and reporting, upgrades and replacement of components in mechanical cooling equipment using water, shared control systems and technology)</li> </ol>	 	<p>Sustainable Water and Wastewater Management</p>

Table 1: Green Eligible Categories

<sup>[3]</sup> Digital Edge strives to go beyond this with an ambition to achieve an annualized design PUE of 1.25 or less at 100% load for all our new build facilities. However, we recognize there are a multitude of factors that impact PUE, such as external climate conditions, local availability of resources, and customer deployment requirements. Where we are unable to achieve a PUE of <1.25 we endeavor to utilize the most efficient engineering design to get as close as possible to this target. We consider an annualized design PUE of 1.30 in cool climates and 1.40 or lower in warm climates to be in accordance with the guidelines set out in the Climate Neutral Data Centre Pact, as this is significantly lower than the global industry average PUE of 1.55 (per Uptime Institute, 2022 Global Data Center Survey) and equates to material energy savings in comparison to an average data center facility.

<sup>[4]</sup> Cool climates are those that are at or below cooling degree day measurement of 49.99 based on for the IEA Weather. Climate and Energy Tracker. Cool climates include but not limited to China, Japan and South Korea.

<sup>[5]</sup> Warm climates are those that are at or below cooling degree day measurement of 50.00 based on for the IEA Weather. Climate and Energy Tracker. Warm climates include but not limited to Singapore, Hong Kong, India, Indonesia, and Philippines.



Eligible Project Category(ies)	Eligible Thresholds/ Criteria	Contribution to the UN Sustainable Development Goals	Environmental Objectives
<p><b>Green Buildings</b></p>	<p>Expenditures related to the design, construction and maintenance of buildings or office that have recently, as a result of the investment, are expected to achieve minimum green building certification or other equivalent local and regional certifications as follows:</p> <ul style="list-style-type: none"> <li>• LEED: Gold or Platinum; or</li> <li>• BREEAM: Very good, Excellent or Outstanding</li> </ul>		<p>Climate Change Mitigation and Natural Resources Conservation</p>
<p><b>Renewable Energy</b></p>	<p>Expenditures, investments and costs associated to the construction, development, acquisition, production and procurement of renewable energy<sup>[6]</sup>, including:</p> <ol style="list-style-type: none"> <li>1. Long term Power Purchase Agreement (PPAs)</li> <li>2. Onsite renewable energy projects</li> <li>3. Onsite back up generation by bio fuels such as bio diesel, or Hydrotreated Vegetable Oil (HVO)<sup>[7]</sup></li> </ol>		<p>Climate Change Mitigation</p>

Table 1 (continued): Green Eligible Categories

<sup>[6]</sup> Type of renewable energy limits to offshore and onshore wind, solar.

<sup>[7]</sup> Digital Edge are committed to ISO 13065:2015 - Sustainability Criteria for Bioenergy. In addition, onsite back up generation by bio fuels such as bio diesel, or Hydrotreated Vegetable Oil (HVO) will fulfill at least one of the following: 1) lifecycle emissions of 16.0gCO<sub>2</sub>e/MJ for heating/cooling; 2) co-generation; 3) 100gCO<sub>2</sub>e /kWh for electricity generation.

## 04 PROCESS FOR PROJECT EVALUATION & SELECTION

The ESG Steering Committee is responsible for the evaluation and selection processes to ensure that the Eligible Projects financed or refinanced meet the eligible criteria stated in the Green Finance Framework. The ESG Steering Committee comprises of key leaders across the company (including the CEO, CFO etc.) from following departments:

- ESG Department
- Communications
- Engineering/ Construction & Development
- Finance
- Legal & Compliance
- People & Culture

Digital Edge applies the following four-eye principle to identify, review and validate Eligible Projects:

1. Relevant cross functional teams will identify and consider potential Eligible Projects, considering the proposed use of proceeds by Eligible Project Category, as well as ensuring use of funds follow applicable laws and regulations. The relevant teams, will be responsible for ensuring the Eligible Projects are aligned with Digital Edge's internal policies and procedures which include an assessment of environmental and social risks associated with the projects under consideration and a review of mitigants to possible negative environmental and social impacts.
2. The ESG Steering Committee will review potential Eligible Projects put forward by the relevant teams, cross-checking against the Green Finance Framework's eligibility criteria.

The ESG Steering Committee will evaluate each project against the internal environmental and social risk management policies of Digital Edge and will evaluate any material Environmental & Social ("E&S") risks identified. Mitigating actions could be mandated by the committee and will be continually monitored to ensure compliance during the life of the project.

The Eligible Projects will be subject to continued monitoring and approval using the same four-eye principle on a quarterly basis to remain eligible. If any of the Eligible Projects fall out of eligibility, are postponed or divested, to the extent possible, the ESG Steering Committee will endeavour to replace it with another Eligible Project as soon as practicable.

The ESG Steering Committee will monitor the ongoing evolution related to sustainable capital markets and ESG controversies to ensure commitments related to this Green Finance Framework remain in line with market standards.

## 05

## MANAGEMENT OF PROCEEDS

### TRACKING OF PROCEEDS

The ESG Steering Committee will track the receipt and allocation of net proceeds, in addition to the classification of Eligible Projects. Net proceeds from each green instrument will be deposited in general funding accounts, pending allocation to Eligible Projects.

Digital Edge will ensure that the following information will be monitored for each issuing or borrowing entity with respect to each of its outstanding green instruments:

- Terms for each relevant green instruments such as (a) settlement and maturity dates, (b) currency of denomination and amount outstanding, (c) labelling (i.e. Green Bond, or Green Loan)
- Details of allocation of each relevant green instrument to Eligible Projects, such as (a) portion of the net proceeds allocated to each Eligible Project and Eligible Project Category, (b) SDG(s) supported, and (c) amount of unallocated proceeds

To prevent double counting, Digital Edge will ensure that any Eligible Projects, especially those with more than one affiliation with the Eligible Project Category, will not be listed more than once in the asset pool of Eligible Projects.

### ALLOCATION OF PROCEEDS

Digital Edge will use the proceeds for each green instrument issued to finance and refinance Eligible Projects. Digital Edge intends to fully allocate the proceeds of the green instruments within 36 months after the issuance date.

Until the net proceeds of green instruments are fully allocated to the Eligible Projects, Digital Edge will hold and/or invest the balance of unallocated proceeds in cash or cash equivalents, money market funds, etc, at its own discretion. For the avoidance of doubt, no temporary unallocated proceeds will be used for activities in the Exclusion Criteria.



## 06

## REPORTING

For Green Bonds, at the point of each issuance Digital Edge will provide an estimated use of funds, by Eligible Project and between refinancing and financing. Thereafter, on an annual basis, until full allocation, and in the event of material changes, Digital Edge will provide a dedicated green bond report to disclose the allocation of net proceeds and associated impacts of the Eligible Projects. Allocation reporting will be made available to bond holders. The associated green bond report will be accompanied by a verification report / limited assurance from an independent party. For Green Loans, Digital Edge will provide a green loan report to lenders subject to the loan agreement and lenders' additional requirements.

[8] [ICMA, The Green Bond Principles Handbook - Harmonised Framework for Impact Reporting, June 2023](#)

Digital Edge intends to align, on a best efforts basis, the impact reporting with the “Handbook – Harmonized Framework for Impact Reporting (June 2023)” [8]

## ALLOCATION REPORTING

Digital Edge will provide an allocation report on the allocation of net outstanding proceeds. The allocation report will provide indicators such as:

- The aggregate amount allocated to Eligible Projects
- The remaining balance of unallocated proceeds (if any) and the specific types of temporary unallocated funds placement (if any)
- Proportion of net proceeds used for financing versus refinancing
- The share of shareholding for the Eligible Projects
- A description on material developments, issues and/or controversies, if any, related to the Eligible Projects

# IMPACT REPORTING

Digital Edge will provide an impact reporting, whereby, for each category of Eligible Projects, and where feasible, Digital Edge will report on relevant impact metrics. Digital Edge intends to use an external consultant to support on impact reporting, and this consultant will assist with the methodology selection, and where feasible, disclosure of such methodologies.

Subject to the nature of Eligible Projects and availability of information, Digital Edge aims to include, but not be limited to, the following impact indicators:

Eligible Project Category(ies)	Impact Indicators - Examples
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>• Design or operating PUE</li> <li>• GHG emissions avoided (tCO2e)</li> <li>• % of energy reduction</li> </ul>
<b>Sustainable Water and Wastewater Management</b>	<ul style="list-style-type: none"> <li>• Annual volume of wastewater treated or avoided (m3/a and p.e./a and as %)</li> <li>• Annual absolute (gross) water use before and after the project (m3/a)</li> <li>• Annualized design Water Usage Efficiency (WUE) (L/IT KWh)</li> <li>• Reduced water use (m3 or %)</li> <li>• Reduced or avoided wastewater discharge (m3)</li> </ul>
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>• Number and type of certification of green building certifications obtained</li> <li>• GHG emissions avoided (tCO2e)</li> <li>• Expected energy savings per year (KWh/ m2)</li> </ul>
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• Annual GHG emissions reduced/avoided (tCO2e)</li> <li>• Annual renewable energy generation (MWh)</li> <li>• Percent renewable energy for portfolio (MWh renewable / MWh electricity consumption)</li> </ul>

Table 2: Examples of green impact reporting indicators

# 07

## SECOND PARTY OPINION

The Green Finance Framework has been reviewed by Moody's Ratings who has issued a Second Party Opinion (SPO). The Green Finance Framework and SPO will be published on Digital Edge's website.



## LIST OF ACRONYMS

<b>APLMA</b>	Asia Pacific Loan Market Association	<b>KWh/m2</b>	Kilowatt hours per square metre
<b>BREEAM</b>	Building Research Establishment Environmental Assessment Method	<b>ICMA</b>	The International Capital Market Association
<b>tCO2e</b>	Tonnes of carbon dioxide equivalent	<b>LMA</b>	Loan Market Association
<b>ESG</b>	Environment, Social and Governance	<b>PUE</b>	Power Usage Effectiveness
<b>GBP</b>	Green Bond Principle	<b>UN SDGs</b>	United Nations Sustainable Development Goals
<b>GHG</b>	Greenhouse Gas	<b>SPO</b>	Second Party Opinion
<b>GLP</b>	Green Loan Principle	<b>LEED</b>	Leadership in Energy and Environmental Design
		<b>LSTA</b>	Loan Syndications and Trading Association