



Flexential Green Finance Framework

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About Flexential

1.1 Company

Flexential Corp ('Flexential', 'We', 'the Company' and all its affiliates¹) operates a nationwide portfolio of data centers that enable a scalable, interconnected suite of hybrid, private infrastructure solutions, supporting customers' mission critical information technology requirements.

We operate 38 data centers and hybrid solutions spanning 3+ million square feet across 19 markets. Our network provides flexible solutions to over 3,400 customers, operated by nearly 850 experts and over 3,000 on-net carriers.

Figure 1: Flexential's key service offerings



Our approach to digital infrastructure is guided by our Hybrid Connectivity system, which we believe will enable the future of hybrid, virtual and distributed business operations. This approach distinguishes us in many ways:

¹ Including all affiliates directly or indirectly owned by Flexential Issuer, LLC

FlexAnywhere™ Connectivity Fabric A powerful mix of Flexential’s private 100 Gbps network backbone, carriers, peering exchanges, cloud connectivity, IP bandwidth, and security, disaster recovery and storage solutions, FlexAnywhere makes it easy to scale and manage connectivity requirements.

Flexential’s Consultative Approach. Flexential’s consultative approach is built on the premise that “one size fits all” does not have a place in IT infrastructure. Our team of seasoned experts is dedicated to fostering personalized relationships and providing long-term solutions for complex challenges to customers representing many industries.

Flexential’s Highly Connected, National Platform. A robust combination of locations and high-density power capabilities provides future-proofed options for evolving requirements.

Flexential’s Comprehensive IT Infrastructure Portfolio. By tailoring our comprehensive portfolio of IT infrastructure solutions, including colocation, cloud and data protection, managed and professional services, Flexential delivers optimal, long-term performance for critical applications

Flexential’s Security, Compliance and Reliability. Flexential maintains the highest levels of security, reliability, and industry and regulatory compliance.

1.2 Sustainability

Approach to Sustainability

At Flexential, we believe that to thrive and win in the competitive marketplace you need a partner whose IT infrastructure solutions and expertise go beyond the traditional four walls of a data center to embody the hybrid IT approach your business needs today—and will need in the future. Going beyond four walls includes a focused effort on ensuring the entire lifecycle of Flexential’s facilities are designed, built, and maintained with sustainability in mind, and that our company and employees support socially responsible efforts in the communities where we live and work

Our ESG Pillars

Our Sustainability Strategy focuses on the Environmental, Social and Governance (ESG) topics where we can drive the greatest impact. We have identified the ESG topics in Table 1 below, which outline the headline material ESG issues that inform our long-term strategic planning and budget.

Table 1: Our ESG pillars

Environmental	Social	Governance
<p>Building for Sustainability</p> <ul style="list-style-type: none"> ❖ Flexential’s internally designed 4th and 5th generation data centers are designed and built to maximize efficiency with industry leading features ❖ New data centers are independently commissioned to ensure reliability and efficiency <p>Managing the fleet</p> <ul style="list-style-type: none"> ❖ Flexential will invest in updating the legacy fleet of data centers to drive efficiency <p>Increasing Circularity</p> <ul style="list-style-type: none"> ❖ Recycling, reducing waste and water filtration programs to contribute toward a more circular digital industry 	<p>Diversity and Inclusion</p> <ul style="list-style-type: none"> ❖ Flexential has established a DEI Council which is developing a DEI Strategy & Mission to include training and equity analysis <p>Employee Experience</p> <ul style="list-style-type: none"> ❖ Employee wellbeing, training, professional development, rewards, benefits and flexibility are essential to our business. 	<p>Board of Directors</p> <ul style="list-style-type: none"> ❖ Commitment to enhancing company value by aligning to corporate governance best practice <p>GRC</p> <ul style="list-style-type: none"> ❖ Independently chartered governance, risk, and compliance organization to ensure adherence to established standards and ethics policies <p>Physical Security</p> <ul style="list-style-type: none"> ❖ Secured infrastructure and monitoring, access and control <p>Cyber Security</p> <ul style="list-style-type: none"> ❖ Awareness training, cyber policies, and steadfast engineering practices

Sustainability Goals

Flexential is committed to increasing transparency and disclosures related to ESG performance and priorities. We have engaged a 3rd party to provide a bench-line analysis for our ESG program and environmental targets, which we aim to enact in 2022.

As part of this, the company is committed to joining the Science Based Targets initiative (SBTi) by the end of 2021 to begin developing industry leading emissions reduction targets.

Sustainability in action

We use our own technologies to optimize operations, drive scalability and enhance resource efficiency. Below we list several actions we are taking to generate positive impact across our operations and service offerings:

- ✓ **Energy-efficient cooling:** Our cooling systems are designed to maximize efficiency in terms of kW per ton of cooling for both the unit that supports air cooling as well as the unit that supports liquid cooling. With these innovations, we are able to design new assets with an industry low power usage effectiveness (PUE) objective of 1.4
- ✓ **Water-efficient cooling:** Our Generation 5 data centers do not utilize water for our data center operations, including cooling. All future data center assets are designed with a water usage effectiveness (WUE) of zero.

✓ **Cleaner power systems:** In specific data centers, we utilize facility-wide Energy Star efficiency-rated uninterruptible power supply (UPS) systems.

✓ **Renewable Energy Options:** We provide options for 100% renewable power for energy consumers. Facility sites are chosen, in part, for access to renewable energy sources and utility providers committed to carbon-free generation targets

2. Green Finance Framework

2.1 Summary

The Company has created this Framework to govern the potential issuance of Green Financings, including green bonds, green loans, green asset-backed securities (ABS) and green tranches of ABS ('green stripes'), that align to the four core components of the International Capital Market Association (ICMA)'s Green Bond Principles (June 2021) and the Green Loan Principles (February 2021), as follows:

- i. Use of Proceeds
- ii. Process for Project Evaluation and Selection
- iii. Management of Proceeds
- iv. Reporting

2.2 Use of Proceeds

Any Green Financings issued under this Framework are expected to support the financing or refinancing, in whole or in part, of Eligible Green Assets with clear and positive environmental impact. Additionally, the projects targeted under this Framework are selected to help Flexential meet its sustainability goals. The Company will target an amount equal to at least 100%, but no less than 90%, of net proceeds raised to be allocated to a portfolio of green investments that meet the eligibility criteria set out in Table 2.

Table 2: Eligibility Criteria for Eligible Green Asset inclusion

Green Bond Principles & Green Loan Principles Categories	Eligibility Criteria	Relevant UN SDG
Energy Efficiency, Sustainable Water and Wastewater Management	<p>Data Center Infrastructure that is highly water efficient and energy efficient. Eligible assets may include:</p> <ul style="list-style-type: none"> i. Existing, retrofitted and upgraded data center infrastructure with a Power Usage Effectiveness (PUE) of 1.5 or below² ii. New-build data center assets with a PUE of 1.4 or below, and a water usage effectiveness (WUE) of zero 	<p>SDG 6 – Clean Water and Sanitation</p> <p>Target 6.4 – By 2030, substantially increase water-use efficiency across all sectors</p> <p>SDG 7 – Affordable and Clean Energy</p> <p>Target 7.3 - By 2030, double the global rate of improvement in energy efficiency</p>

2.3 Process for Project Evaluation & Selection

Flexential has formed an Environmental, Social, and Governance (ESG) Committee to assess the alignment of any green financings with both the Green Bond Principles and Green Loan Principles, and the eligibility criteria as set forth in Table 2. The committee combines leaders from all corporate functions (Finance, Governance, Risk and Compliance, Marketing, Data Center Construction and Operations, Procurement and Legal), who integrate sustainability and ESG business initiatives to help Flexential and its customers reach sustainability goals. The Eligibility Criteria set out in Table 2 outlines the target PUE and, where applicable, WUE for assets targeted to be included in the portfolio of Eligible Green Assets.

As part of the Company's governance of activities, Flexential will undertake comprehensive environmental and social risk assessment of assets to identify, analyze, evaluate and treat material issues related to projects to minimize any adverse impacts of data center operations.

² PUE is determined by the 12-month rolling average PUE for existing infrastructure as measured at the point of allocation. Flexential commits to reporting on the 12-month rolling average Green Asset portfolio PUE annually. Additionally, Flexential may use the design-average PUE for new data center assets and assets that undergo retrofits and efficiency upgrades.

2.4 Management of Proceeds

Using an internal accounting process, the ESG Committee intends to track net outstanding proceeds from Green Financings, and to allocate proceeds to Eligible Green Assets in accordance with the project selection criteria. Flexential will consider proceeds fully allocated to Green Assets when the appraised value of Eligible Green Assets exceeds the total value of net outstanding proceeds from any Green Financings. The Company intends to allocate an amount equal to net outstanding proceeds to Eligible Green Projects within 24 months of any issuance. In circumstances where the company designates specific tranches of financings as 'Green', only the proceeds of Green Striped Bonds will be allocated in accordance with this Framework. The ESG Committee intend to monitor the portfolio of Eligible Green Assets on a regular basis, both to ensure that the value of Eligible Green Assets remains equal to or greater than the total net outstanding green proceeds, and to ensure that the assets in the portfolio continue to meet the Eligible Criteria set out in Table 2. The Committee may, from time to time, add new Eligible Green Assets to the portfolio or replace existing Green Assets in the portfolio. If the Committee finds that any assets no longer meet the Eligibility Requirements, they will be removed from the portfolio of Eligible Green Assets. If the total value of Green Assets falls below the total sum of net outstanding green proceeds, Flexential may temporarily use unallocated net green proceeds in accordance with the Company's general liquidity measures until re-allocation to Eligible Green Assets. Flexential intends to re-allocate any proceeds within 24 months, and to report on the balance on any unallocated proceeds as part of the commitment to reporting. The Company will not knowingly temporarily allocate proceeds to fossil fuel related projects. Flexential will not apply a look-back period to Eligible Green Assets.

2.5 Reporting

In alignment with market best practice, Flexential intends to make and keep readily available information on the green financing program through a commitment to reporting. The Company intends to report on both the allocation of proceeds, and the potential impact of green investments, no later than 12 months after the issuance of any Green Finance Instrument under this Framework. Reporting will be updated annually until full allocation of net outstanding proceeds.

Allocation Reporting

Flexential intends to report on the allocation of net outstanding proceeds to a portfolio of Eligible Green Projects, including:

- Total allocation of proceeds
- Balance of unallocated proceeds
- Breakdown of financed versus refinanced Eligible Green Assets

Impact Reporting

Where feasible, Flexential intends to report on the impact of the green financing program, including:

- A description of each Eligible Green Asset in the portfolio
- Metrics regarding the positive environmental impact of the portfolio of Eligible Green Assets, as outlined in Table 3. The Company intends to align the reporting with the portfolio approach described in “The Green Bond Principles - Harmonized Framework for Impact Reporting” (ICMA, June 2021).

Table 3: Examples of Impact Reporting Metrics Flexential may include

Green Categories	Examples of impact metrics
Energy Efficiency, Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> - 12-month rolling average PUE of Eligible Green Assets - Potential GHG savings from efficient data center infrastructure - Gallons of water saved from water-free cooling solutions

2.6 External Review

Second-Party Opinion

This Green Finance Framework has been reviewed by Sustainalytics who has issued a Second-Party Opinion. The Second-Party Opinion and this Framework are available to investors via our website www.flexential.com/greenfinance

Limited Assurance on Allocation

Flexential intends to request, one year after issuance, and annually until full allocation of the net proceeds from the sale of Green Financings, limited assurance by its external auditor or other third party of a management statement on the allocation of net proceeds to the Eligible Project Portfolio. Where possible, Flexential may also seek a review of any impact metrics reported from a qualified third party.