



# Green Finance Framework

May 2023

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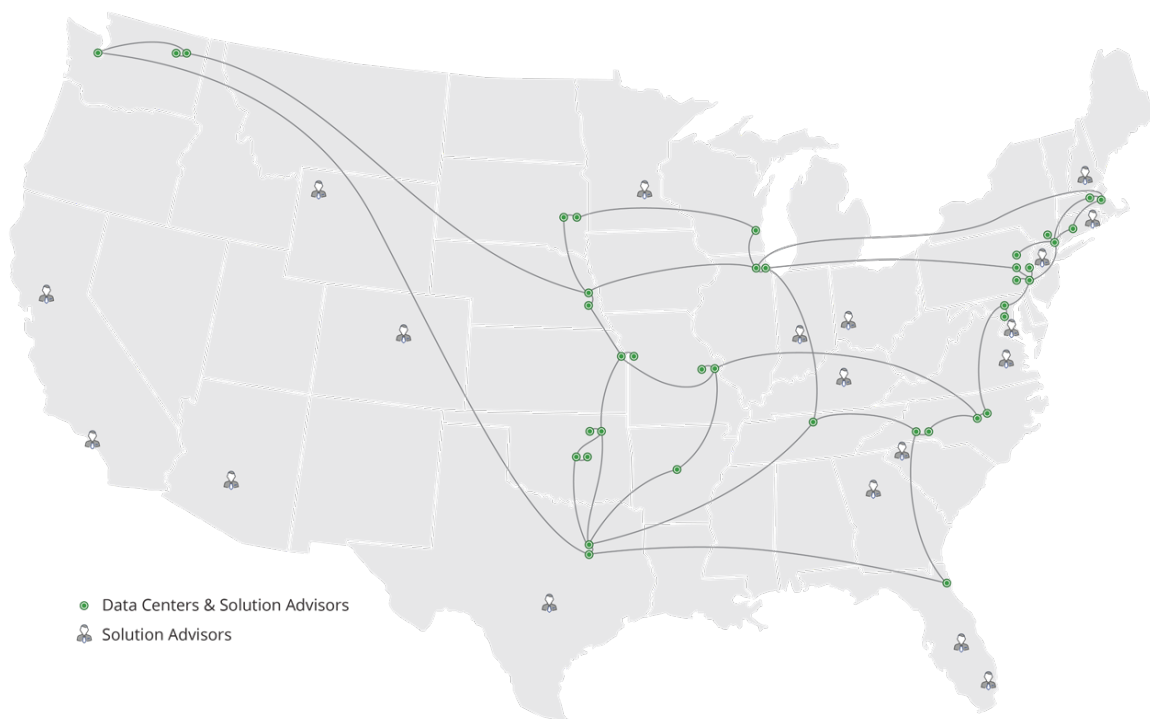
# 1 About TierPoint

## 1.1 Overview

TierPoint, LLC (including its affiliates, 'TierPoint', 'we', the 'Company') is a leading national operator of multi-customer enterprise data centers providing colocation, connectivity and cloud services (which include data center space and power and cooling, as well as cloud services, connectivity and Disaster Recovery as a Service ("DRaaS")), managed services (which include managed security and compliance services) and business continuity and other services (which include physical cloud and migration services, physical business continuity spaces and workplace replication) for customers across a variety of industry verticals.

Taking an agnostic approach to helping clients achieve their most pressing business objectives, TierPoint is a champion for untangling the complexity of hybrid, multi-platform approaches to IT infrastructure, drawing on a comprehensive portfolio of services, from public to multitenant and private cloud, from colocation to disaster recovery, security, and more. We employ a consultative approach to design and deliver customized technology solutions that help customers achieve the outcomes their business demands.

TierPoint also has one of the largest and most geographically diversified U.S. footprints, with 39 data centers in 20 markets, all interconnected by a low-latency, highly secure national network. Whether for colocation, disaster recovery, managed hosting, or cloud services, we deliver flexible hybrid IT services through secure, compliant facilities with carrier-neutral connectivity and direct connections to cloud providers.



## 1.2 TierPoint's sustainability approach and commitments

At TierPoint, we recognize the importance of sustainability in our operations and are committed to minimizing our environmental impact while providing high-quality services to our customers and ensuring an overall positive social impact from our business operations. Our sustainability approach is based on the following principles:

- ✓ Sustainable design and operations
- ✓ Focus on positive social impact and community involvement
- ✓ Leading governance policies and practices

### Sustainable design and operations

We strive to incorporate sustainable design and operations practices into all of our facilities and services. This includes the use of energy-efficient equipment, water management improvements, and responsible waste management practices. We also incorporate sustainable and reused/ recycled materials in our construction and renovation projects when it is feasible and provides a higher level of efficiency.

#### Water Usage:

- ✓ To minimize water usage at our facilities, we have modified our design approach to use non evaporative based cooling systems. This includes new datacenter builds, expansions, and mechanical system retrofits.
- ✓ Adjust humidification setpoints to lower usage
- ✓ Retrofit datacenters with centralized humidification systems

#### Power Usage:

- ✓ Focus on improving power efficiency year over year, through constant improvement of systems, processes, and equipment efficiency
- ✓ Retrofit power and cooling infrastructure to achieve higher efficiency
- ✓ Deploy cooling infrastructure capable of air side economizing for higher efficiencies
- ✓ Track power usage, PUE, carbon footprint for data center power usage

In each of the last six years, TierPoint has reduced its average operating PUE (portfolio average, weighted by total load):

Year	2017	2018	2019	2020	2021	2022
PUE	1.80	1.71	1.66	1.62	1.59	1.57

To achieve efficiency gains TierPoint has focused on:

- ✓ Modifying operational controls to increase efficiency in TierPoint's cooling systems
- ✓ Replacing and retrofitting inefficient cooling and electrical systems
- ✓ Pumping systems retrofits
- ✓ Lighting system retrofits
- ✓ Utilizing highly efficient electrical and mechanical equipment on all new builds and expansions.

**Waste Management:**

- ✓ TierPoint has general waste and recycling management setup and programs in offices and data centers, including waste disposal contracts for general waste and recycling
- ✓ TierPoint also addresses end of life of its equipment, and has set procedures for proper disposal and recycling of IT equipment within data centers and IT offices
- ✓ TierPoint’s datacenters have established Hazardous Material Use and Waste Management procedures

**Focus on positive social impact**

We believe that our business can be a force for positive social impact, and we are dedicated to maintaining ESG policies and programs to enhance corporate values and community involvement.

We are committed to promoting social well-being, diversity, equity, and inclusion in our operations, and we work with our employees, customers, and communities to achieve these goals. We care about people, value outstanding work, demand integrity and embrace a culture of positivity and inclusivity.

*Diversity*

We facilitate diversity and inclusion recruitment through Circa<sup>1</sup> and local outreach programs and maintain EEOC <sup>2</sup>Affirmative Action Program status. To promote female leadership, TierPoint has engaged TONE Networks, which provides turn-key enterprise solutions supporting the professional and personal development of female employees. We also offer employees fully paid eight-week maternity and paternity leaves.

*Employee Well-Being*

Prioritizing employee wellness is a key value for TierPoint. We believe that investing in the health and well-being of our employees not only benefits them but also contributes to the success of our organization. Some initiatives in this area include a corporate culture package for new hires, annual mandatory anti-harassment and diversity and inclusion training, quarterly employee recognition program, annual employee satisfaction surveys, and data center safety policy and safety inspection procedures.

*Giving Back*

Our quarterly application based charitable donation program, TierPoint Gives Back, allows an opportunity for all employees to participate by giving back to the community and volunteering for various causes. As a forward-thinking, technology-driven, inclusive company, we are especially committed to supporting Science, Technology, Engineering, Arts and Mathematics (“STEAM”) Education as well as Diversity, Equity & Inclusion initiatives. Additionally, we support other education (beyond STEAM & DE&I), Health & Social Services, Economic Development, and Disaster Relief programs. Since the beginning of the TierPoint Gives Back program, which started in 2017, we have donated \$360,000 to various STEAM Education and Diversity programs.

<sup>1</sup> Circa is a SaaS-based diversity recruitment and OFCCP HR compliance technology solution company, which brings a spectrum of best-in-class products focused on diversity recruiting, affirmative action planning and compliance management.

<sup>2</sup> Equal Employment Opportunity Commission

## Leading governance policies and practices

We recognize the importance of strong governance policies and practices in achieving sustainability goals. Our comprehensive governance program includes the following pillars:

- ✓ Financial Strategy & Risk management
- ✓ Financial Compliance and Reporting
- ✓ Security and Compliance Programs
- ✓ Legal Compliance Programs
- ✓ Sales Governance
- ✓ Board of Directors Governance
- ✓ Control Readiness

TierPoint's comprehensive security and compliance programs cover amongst others cyber, information, environmental, health & safety, and physical risk management. The Company is further expanding its framework to a company-wide risk register for all technology assets, in line with ISO27001.

Furthermore, TierPoint has an ethics reporting system through Convercent that is available to all employees and outside parties to report ethics violations and concerns, including anonymously if anonymity is elected by the complainant. All reports are reviewed by a member of Legal, Human Resources, and a member of the Audit Committee and addressed promptly.

We have regularly reported on our sustainability progress to our stakeholders, and in early 2023, we established a formal ESG Committee, comprised of individuals from Finance/Accounting, Legal, Human Resources, Information Security, Risk and Compliance, Marketing, Data Center Construction and Operations, and Procurement. The ESG Committee oversees our sustainability strategy and performance and will continue to regularly report on our progress to our stakeholders.

TierPoint has committed to complete its first GRESB assessment in 2023. TierPoint will work with a sustainability consultant, to further enhance TierPoint's ESG efforts based on the results of the GRESB assessment.

## 2 Green Finance Framework

### 2.1 Overview

This Green Finance Framework (the “Framework”) will govern the potential issuance of green bonds, green loans (term loans, revolving credit facilities, letters of credit), green asset-backed securities (ABS) and green tranches of ABS (‘green stripes’), issued by TierPoint (including any of its subsidiaries and/or special purpose vehicles), which will align to the four core components of the Green Bond Principles<sup>3</sup> and the Green Loan Principles<sup>4</sup>, updated from time to time (“Green Finance Instruments”). Green bonds or loans may take the form of project financings. Green ABS may take the form of either a “Secured Green Collateral Bond” or a “Secured Green Standard Bond,” as defined by ICMA in the Green Bond Principles Appendix 1, June 2022. Though securitizations may be issued by a special purpose vehicle backed by assets owned by TierPoint, the underlying sustainability strategy and related green financing approach will be aligned with the Framework.

The core components of the Green Bond Principles and the Green Loan Principles (the “Principles”) are as follows:

- I. Use of Proceeds
- II. Process for Project Evaluation and Selection
- III. Management of Proceeds
- IV. Reporting

The Framework also describes the approach to external review, as recommended by the Principles.

The Framework will apply to any Green Finance Instrument issued by TierPoint and its subsidiaries and/or special purpose vehicles and will be applied as long as any such instrument is outstanding and may be updated from time to time to ensure continued alignment with voluntary market practices, emerging standards and classification systems. Any updated version of this Framework will either maintain or improve the current levels of transparency and reporting disclosures, including the corresponding external review.

### 2.2 Use of Proceeds

Any Green Financing Instruments issued under this Framework are expected to support the financing or refinancing, in whole or in part, of new and/or existing Eligible Green Projects which meet the Eligibility Criteria defined below, providing clear and positive environmental impact, and helping TierPoint meet its sustainability goals.

The Company will target an amount equal to at least 100% of net proceeds raised to be allocated to a portfolio of green investments that meet the eligibility criteria set out in Table 1 (“Eligible Green Projects”).

<sup>3</sup> The Green Bond Principles published by ICMA in June 2021 (with June 2022 Appendix 1) - [link](#)

<sup>4</sup> The Green Loan Principles published by APLMA, LMA, and LSTA in February 2023 - [link](#)

Eligible Green Projects may consist of capital expenditures and assets. Capital expenditures qualify for refinancing with a maximum two-year look-back period. Assets qualify for refinancing without a specific lookback period.

Table 1: Eligibility Criteria for Eligible Green Projects inclusion

Green Bond Principles & Green Loan Principles Categories	Eligibility Criteria	Relevant UN SDG
Energy Efficiency	Refinancing and financing the acquisition of existing, and / or construction of new energy efficient data centers with a PUE <sup>5</sup> of: <ul style="list-style-type: none"> <li>a) 1.50 or below for assets built prior to 2020</li> <li>b) 1.45 or below for assets built in 2020 or later</li> </ul>	<b>SDG 7 – Affordable and Clean Energy</b>  <b>Target 7.3</b> - By 2030, double the global rate of improvement in energy efficiency

In circumstances where the Company designates specific tranches of financings as ‘green’, only the tranches financing Eligible Green Projects (and not the entire facility) will be labelled as ‘green’ under the Framework.

## 2.3 Process for Project Evaluation & Selection

TierPoint’s ESG Committee (see governance description in section 1.2 for the composition) will be responsible for governance of the selection and monitoring of the Eligible Green Projects based on the Eligibility Criteria outlined in the Framework, and in alignment with the Principles.

For Secured Green Collateral Bonds (and, where relevant, for portions of Secured Green Standard Bonds, which are secured by eligible collateral), collateral underlying the ABS will be evaluated and selected based on the Eligibility Criteria outlined in the Framework. In such cases, no assurances can be made that the proceeds of such securities will be allocated to fund any such specified categories, projects or assets.

All potential Eligible Green Projects will first comply with local laws and regulations, including any applicable regulatory environmental and social requirements, as well as TierPoint’s internal policies which aim to manage and mitigate environmental, social and governance risks. TierPoint’s ESG Committee is a cross-functional working group, which integrates sustainability strategy, planning and performance

<sup>5</sup> For existing and operating assets, PUE is determined by the 12-month rolling average operating PUE as measured at the point of allocation. For new data center assets and assets that undergo substantial retrofits and efficiency upgrades, TierPoint may use the design PUE until such assets are fully operational and reach stabilized IT load of at least 75%.



management into relevant functions at the Company, ultimately ensuring consistent and coordinated approach. This ensures that ESG Committee is able to appropriately integrate TierPoint's key ESG policies and practices into Eligible Green Project evaluation.

## 2.4 Management of Proceeds

Using an internal accounting process, the ESG Committee intends to track net outstanding proceeds from Green Financing Instruments, and to allocate proceeds to Eligible Green Projects in accordance with the project selection criteria outlined in this Framework. TierPoint will consider proceeds fully allocated to Eligible Green Projects when the appraised value and/or total cost (as applicable) of Eligible Green Projects exceeds the total amount of net outstanding proceeds from all Green Financing Instruments.

The Company intends to allocate an amount equal to net outstanding proceeds to Eligible Green Projects within 36 months of any issuance. In circumstances where the company designates specific tranches of financings as 'green', only the proceeds of such dedicated 'green' tranche will be allocated in accordance with this Framework.

As it relates to any green bond, green loan or Secured Green Standard Bond (not secured by eligible collateral), the ESG Committee intends to monitor the portfolio of Eligible Green Projects on a regular basis, to ensure that the projects in the portfolio continue to meet the Eligibility Criteria set out in Table 1. The Committee may, from time to time, add new Eligible Green Projects to the portfolio or replace existing Eligible Green Projects in the portfolio in case they no longer meet the Eligibility Criteria. If the total value of Eligible Green Projects falls below the total sum of net outstanding green proceeds, TierPoint may temporarily use unallocated net green proceeds in accordance with the Company's general liquidity measures until re-allocation to Eligible Green Projects occurs. TierPoint intends to re-allocate any proceeds within 36 months, and to report on the balance on any unallocated proceeds as part of the commitment to reporting. The Company will not knowingly temporarily use unallocated net green proceeds to fossil fuel related expenses.

For Secured Green Collateral Bonds and fully funded Secured Green Standard Bonds, which are secured by eligible collateral, all of the net proceeds will be fully allocated at the time of issuance to finance or refinance Eligible Green Projects. As such, there is no temporary allocation or flexibility for re-allocation over time.

## 2.5 Reporting

In alignment with market best practice, TierPoint intends to make and keep readily available information on the green financing program.

For a green bond, loan or Secured Green Standard Bond (not fully allocated at the time of issuance), the Company intends to report on both the allocation of proceeds, and, to the extent feasible, 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

of such Green Finance Instrument and as promptly as practicable in case of any material changes in the proceeds allocation thereafter. In case of the green revolving credit facilities only, the reporting will continue annually until full maturity of such loan. In cases where the reporting is not made publicly available, it will be shared with relevant investors or lenders.

For Secured Green Collateral Bonds and Secured Green Standard Bonds fully allocated at issuance, ongoing reporting regarding allocation of net proceeds is unnecessary because all of the net proceeds will be immediately allocated to Eligible Green Projects. For the avoidance of doubt, reporting may occur at the time of issuance in conjunction with offering documentation.

### Allocation Reporting

TierPoint 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 Projects

### Impact Reporting

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

- A description of all or a selection of Eligible Green Projects in the portfolio
- Metrics regarding the positive environmental impact of the portfolio of Eligible Green Projects, as outlined in Table 2. The Company intends to align the reporting with the portfolio approach described in “The Green Bond Principles - Harmonized Framework for Impact Reporting” (ICMA, June 2022).

Table 2: Examples of Impact Reporting Metrics TierPoint may include

Green Categories	Examples of impact metrics
Energy Efficiency	<ul style="list-style-type: none"> <li>- 12-month rolling average operating PUE of Eligible Green Projects</li> <li>- Potential GHG savings from efficient data center infrastructure (mtCO<sub>2</sub>e per year)</li> <li>- Potential energy savings from efficient data center infrastructure (MWh per year)</li> </ul>

## 2.6 External Review

### Second Party Opinion

This Green Finance Framework has been reviewed by Sustainalytics, which has issued a Second Party Opinion. The Second-Party Opinion and this Framework are available to investors via our website [tierpoint.com/about-us/sustainability](https://tierpoint.com/about-us/sustainability).

### Limited Assurance on Allocation

One year after issuance, and annually until full allocation of the net proceeds of any green bond, green loan or Secured Green Standard Bond (not fully allocated at the time of issuance), an independent party

will verify that the net proceeds have been allocated to Eligible Green Projects. Such verification will be published on TierPoint’s sustainability website or provided directly to relevant investors and lenders, as applicable.

For Secured Green Collateral Bonds and Secured Green Standard Bonds fully allocated at the time of issuance, TierPoint may appoint a second-party opinion provider to evaluate alignment of the portfolio of green assets and expenditures.

## **DISCLAIMER**

The information contained in this Green Finance Framework is current as of the date of this document and is subject to change without notice. The Company does not assume any responsibility or obligation to update or revise any statements herein, regardless of whether those statements are affected by the results of new information, future events or otherwise. The material provided herein is for informational purposes only. It does not constitute an offer to sell or a solicitation of an offer to buy any securities relating to any of the products referenced herein, notwithstanding that any such securities may be currently being offered to others. Any such offering will be made only in accordance with the terms and conditions set forth in the offering documents pertaining to such fund. Prior to investing, investors are strongly urged to review carefully all of the offering documents. No person has been authorized to give any information or to make any representation, warranty, statement or assurance not contained in the offering documents.

## **FORWARD-LOOKING STATEMENTS**

This Green Finance Framework contains “forward-looking statements”. When we use words such as “may,” “will,” “intend,” “should,” “believe,” “expect,” “anticipate,” “project,” “estimate” or similar expressions that do not relate solely to historical matters, we are making forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause our actual results to differ materially from our expectations discussed in the forward-looking statements.