

Green Finance Framework CloudHQ-Cloud Capital (November 2024)

CloudHQ is a global provider of IT infrastructure, specifically the design, development, and operation of data centre facilities. Established in 2016, CloudHQ is headquartered in Washington DC, US. As of November 2024, CloudHQ has leased 11 data centres with a contracted IT load of over 970 MW in the US and Europe, of which 580+ MW is under construction, and has 221 employees.

Cloud Capital, supported by CloudHQ, is a full-service investment firm with an exclusive focus on the data centre sector. Established in 2020, Cloud Capital has a team of 28 located across offices in Washington DC, London, and Tampa, Florida.

CloudHQ aims to select all new data centre sites aligned with SDP 1.1. Sustainable Site Selection Guidelines prioritizing availability of renewable energy infrastructure and other key sustainability attributes of strategic importance for its services. The planning and building processes are guided by CloudHQ's Global Design Standards which include minimum requirements for relevant environmental standards, including energy and water efficiency, operational waste handling, embodied carbon, biodiversity, and climate change resilience. The Company also plans to develop centres with relevant green building characteristics suitable for future certification. During the operation of the centres, the Company coordinates with the tenant of the facility to develop sustainable operating strategies applying CloudHQ Standard Operating Procedures that aim to model ISO 50001 and ISO 14001 standards. The procedures set guidelines for energy conservation, water usage, and waste management, and continuously encourages improvement in all categories. CloudHQ is developing a process to review its supply contracts to identify sustainable procurement options. In addition, the Company aims to integrate Life Cycle Assessment principles and ISO 14040 and 14044 standards for the centres.

By targeting significant reductions in construction emissions and focusing on operational efficiency, CloudHQ/Cloud Capital is committed to achieving net zero emissions for all CloudHQ/Cloud Capital-controlled spaces by 2040. Through a commitment to renewable energy availability, CloudHQ/Cloud Capital helps its customers meet their climate-neutral commitments in CloudHQ/Cloud Capital's facilities. To achieve this target, all centres will adopt and report on relevant performance standards including water consumption, energy efficiency, and use of renewable energy. Additionally, CloudHQ aims to measure aggregated corporate water usage considering the regional measures for water stress and to establish targets related to net biodiversity gains, operational waste to landfill, and sustainable sourcing.


This Framework may be used to govern the issuance of one or more green financings, including green bonds, green loans, green asset-backed securities (ABS) and green tranches of ABS, 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 2023), as follows:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

Under this Green Finance Framework, CloudHQ/Cloud Capital aims to utilize green financings in accordance with the outlined Use of Proceeds categories. The eligible green financings under this Framework are aligned with CloudHQ/Cloud Capital's overall sustainability strategy and initiatives and will further the Company's actions on key environmental priorities.

Use of Proceeds

An amount equivalent to the net proceeds of any green financing will be used to finance and/or refinance, in whole or in part, Eligible Green Assets as per the following eligibility criteria. The full allocation of the net proceeds from any green financing will be finalized, on a best-efforts basis, within 36 months from the issuance of the respective green financing. Refinancing eligible operating expenditures will have a look-back period of no longer than 3 years from the year of issuance of the green financing.

ICMA/ LMA USE OF PROCEEDS CATEGORY	ELIGIBLE GREEN ASSET DESCRIPTION	SDG	SDG target
Energy Efficiency	Data centres with an Annual PUE requirement of equal to or less than 1.5	7. Affordable and Clean Energy 	7.3 By 2030, double the global rate of improvement in energy efficiency

Process for Project Evaluation and Selection

The CloudHQ/Cloud Capital executive team makes decisions with inputs from corporate functions: Finance, Accounting, Legal, Development, Sustainability, EHS, HR, Operations, and will evaluate, select, and monitor eligible assets against the eligibility criteria. CloudHQ/Cloud Capital's environmental and social risk assessment process is applicable to all allocation decisions. CloudHQ/Cloud Capital's executive team evaluates each Eligible Green Asset's environmental and/or social impacts and determines implementation of appropriate mitigating measures, as needed.

Management of Proceeds

CloudHQ/Cloud Capital's executive team will be responsible for the management and allocation of proceeds to Eligible Green Assets and will cause the proceeds to be tracked through an internal accounting system. All proceeds raised under green financings for Eligible Green Assets are intended to be allocated as outlined in the budget and use of proceeds of the respective Eligible Green Assets. Pending full allocation of such amounts to Eligible Green Assets, Cloud/CloudHQ may hold and/or invest the balance of such amounts in accordance with its liquidity management policy.

Reporting

CloudHQ/Cloud Capital intends to report on an annual basis until the finance instrument's maturity date regarding the allocation of the net proceeds of the related finance instrument and the relevant impact metrics for each Eligible Green Asset (which may include primary energy use in kWh/m, observed annual PUE and observed % energy utilization), provided that, CloudHQ/Cloud Capital will only be required to use reasonable efforts to obtain and report such information in respect of any Eligible Property with respect to which the tenant of the facility exercises exclusive operational control.

For all Eligible Green Assets with respect to which the tenant of the facility assumes exclusive operational control of the facility, CloudHQ/Cloud Capital will use reasonable efforts to obtain information from the tenant to report on the impact metrics above.

CloudHQ/Cloud Capital will refer to available market guidance when assessing opportunities to report on the environmental impact of its Eligible Green Assets, mainly the ICMA Handbook: Harmonized Framework for Impact Reporting.