

Connecting a smart infrastructure platform to a sustainable future

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About this Report

Welcome to our inaugural ESG report. The following content discloses our environmental, social and governance practices and recent performance, as well as our approach to sustainable development.

Reporting period

This report covers our activities from January 1, 2020 to December 31, 2020. It may include additional information beyond the stated reporting period for comprehensiveness.

Reporting principles

This report is prepared in accordance with the Global Reporting Initiative Standards (GRI Standards) issued by the Global Sustainability Standards Board (GSSB), the ESG Reporting Guide 2.0 issued by Nasdaq, and the Environmental, Social and Governance Reporting Guide issued by Hong Kong Exchanges and Clearing Limited (HKEX).

Compilation process

We undertook the following steps to compile this report: materials collection; compilation and revision; senior management review; Sustainability Committee review; Nominating and Corporate Governance Committee review; Board of Directors review; and disclosure.

Data sources

The information contained in this report comes from our statistical reports and relevant documents.

References

Unless otherwise indicated, references in this report to “GDS,” “company,” “our company,” “we,” “our,” or “us” are to GDS Holdings Limited, a company incorporated on December 1, 2006 in the Cayman Islands with limited liability, and, where the context requires, its consolidated subsidiaries and its consolidated affiliated entities, including its variable interest entities and their subsidiaries, from time-to-time.

Reliability assurance

Bureau Veritas is entrusted to provide a third-party assessment of the report, and to issue an independent statement of assurance.

Report access

To download the electronic version, please visit our website: <http://www.gds-services.com>.

In line with our ESG initiatives, this report is only available in an electronic version. If you require a printed copy, you may download and print an online version from the website address above.

If you have any comments or suggestions, please contact us via email: esg@gds-services.com

Message from Executive Leadership



We are committed to achieving carbon neutrality by 2030.

William Wei Huang
Chairman and Chief Executive Officer

Daniel Newman
Chief Financial Officer

Jamie Khoo
Chief Operating Officer

We are dedicated to delivering cutting-edge and comprehensive data center solutions with rigorous operating standards. We are equally committed to providing these solutions in a responsible and transparent manner that drives sustainability and enhances value creation.

As we share this report to demonstrate our environmental, social, and governance efforts and achievements, we would like to emphasize three pillars on which we stand.

1. Minimize our impact on the environment

We have set a target for GDS to be carbon neutral by 2030 and we are on track to meet this goal. We are increasing renewable energy usage, and actively reducing our carbon footprint. We are increasing our operational efficiency with industry-leading technologies and reducing our resource consumption. We intend to lead green development in our industry and help China achieve the ambitious goal of carbon neutrality by 2060.

2. Create value for all our stakeholders

We deliver and ensure high performance services, thereby supporting our customers' growth and innovation. In 2020, GDS received numerous customer accolades. We empower employees by building a healthy and safe workplace that promotes diversity, inclusion and personal development. Notably, 34% of our senior level management team is female.

3. Engender trust via rigorous governance

We continue to improve our corporate governance framework. We require all our employees to adhere to high standards of compliance. We have zero tolerance for corruption. We implement strict information security standards to ensure a secure cyber environment.

We recognize that our data centers benefit society only if we use resources efficiently. Therefore, we seek to build sustainability into everything we do. With the support of our stakeholders, we will continue to build the smart infrastructure platform of the future.

Overview

Business and Sustainability Context

About GDS

Our Beginning

GDS was founded on the premise that digitalization would transform China. As industries digitalized, the safety, security and reliability of their information systems became increasingly critical.

We started as a pioneer in business continuity and disaster recovery services (BCDR). We helped businesses improve service delivery and realize superior returns. From the outset, we emphasized outstanding customer service. We secured backup facilities near our customers' operations. We set industry benchmarks. We advised government agencies in setting, and customers in attaining, required standards.

Our BCDR business naturally led to developing and operating data centers. Many of our earliest customers were financial service institutions with demanding IT compliance standards. We learned that we must guarantee the reliability and availability of services to them. In response, we developed colocation services—the provision of critical facilities space, power, racks, and cooling. With customers' core operations in Beijing, Shanghai, Shenzhen, Guangzhou, Hong Kong, Chengdu and Chongqing, we developed a presence in these Tier 1 markets earlier than many of our peers.

GDS Data Centers in China



Greater Beijing
37 Data Centers



Greater Shanghai
29 Data Centers



Greater Bay Area
16 Data Centers



Chengdu / Chongqing
3 Data Centers

88
Data
Centers

4
Tier 1
Markets

14
Cities

Notes:

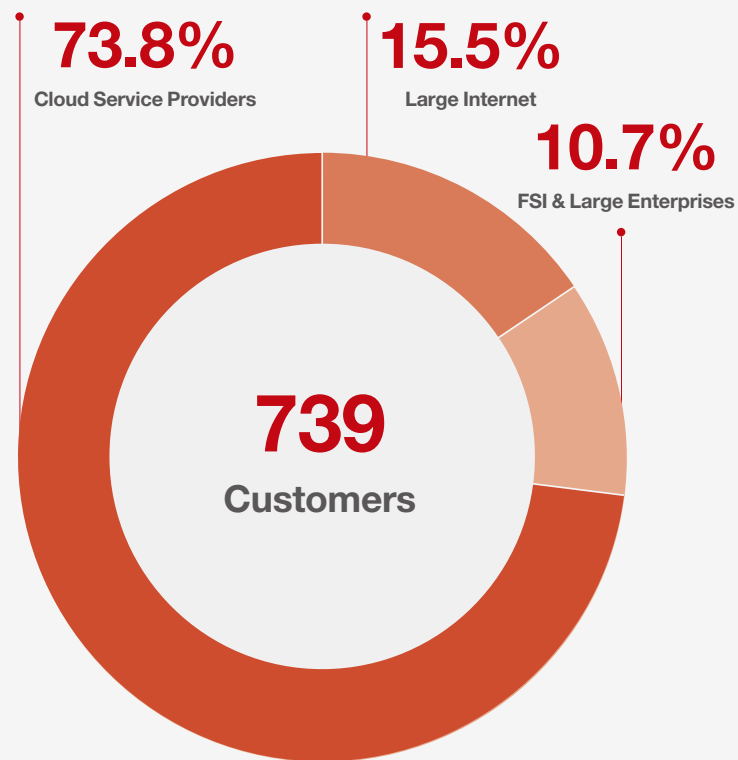
1. As of September 30, 2021.
2. Excludes third-party data centers.
3. As of September 30, 2021, we also had three data centers outside the four Tier 1 markets.

Digital Economy and Cloud Computing

Today, the digital economy touches all aspects of life. There is unprecedented demand for computing, storage, and transmission capacity. Businesses have shifted computing from local servers to the “Cloud”—networks of remote servers. Cloud computing is the single most important trend in IT over the past decade.

Companies that rely on cloud computing services prefer large and highly energy efficient data centers. The data center locations must correspond to the locations of the hyperscale cloud platforms, which consist of “availability zones” in Tier 1 markets. In these markets, demand for data is greatest, but land and access to renewable energy resources are far more limited.

Our Customer Franchise



Customer breakdown by total area committed. As of September 30, 2021.

As of September 30, 2021, we served 739 customers, including PRC and global hyperscale cloud service providers and large internet companies, a diverse community of financial institutions, telecommunications carriers and IT service providers and large domestic private sector and multinational corporations, many of which are leaders in their respective industries.

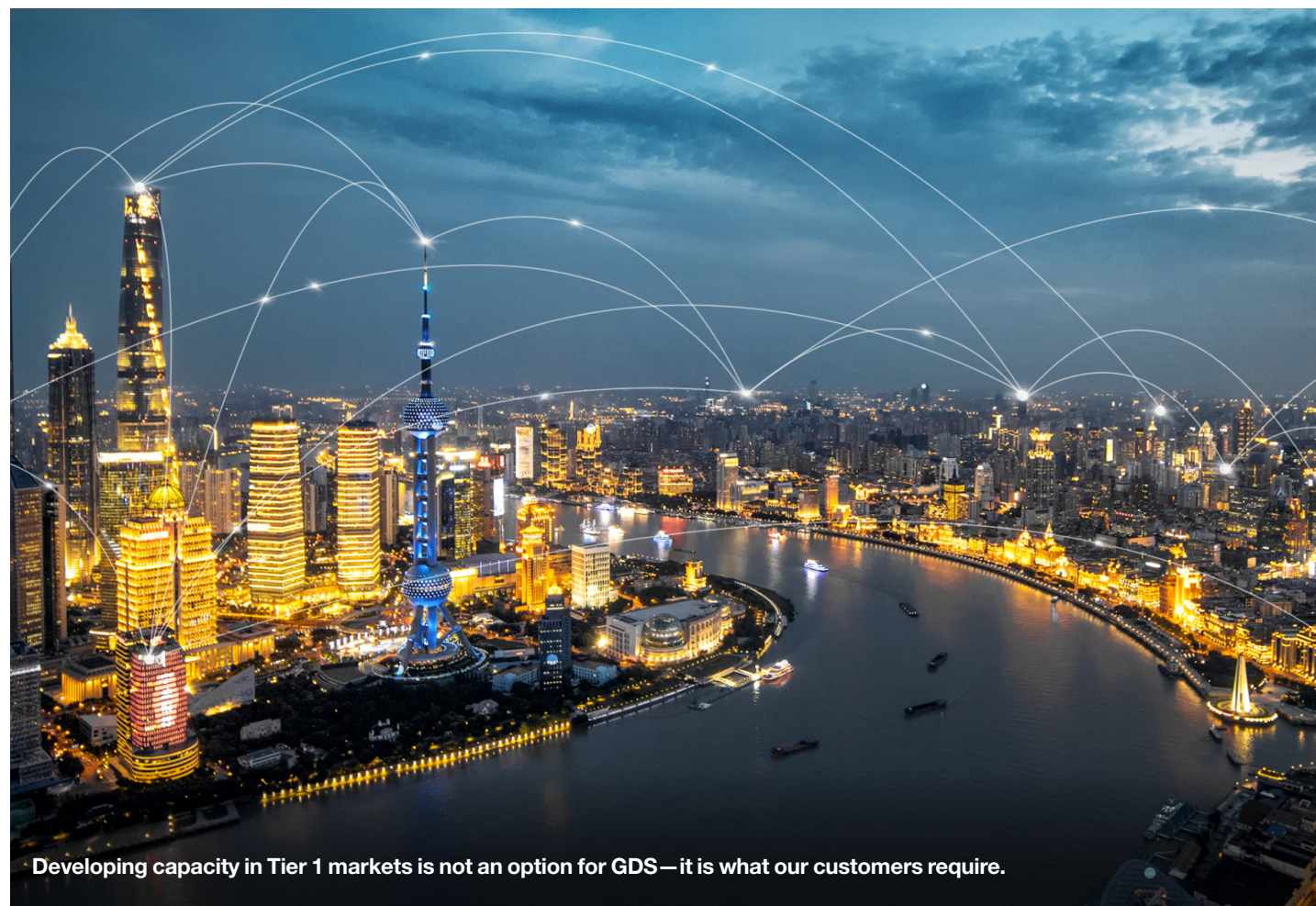
We host the largest public cloud platforms operating in China, some of which are present in multiple GDS data centers.

Smart Infrastructure

In response to the rise of cloud computing, we evolved into a smart infrastructure platform aligned with our customers' growth plans. This means generating unprecedented capacity in Tier 1 markets. Developing this capacity in Tier 1 markets is not an option for GDS — it is what our customers require, despite the inherent lack of suitable land and renewable energy. We are the leading carrier-neutral data center service provider with a national platform of interconnected data centers across China's Tier 1 markets.

We also believe that by developing hyperscale data centers to support the growth of the Cloud, we contribute to a reduction in the carbon intensity of computing and data storage, making digital transformation more sustainable.

We increasingly deploy resources in lower cost locations, closer to sources of renewable energy, as well as in Tier 2 markets. But it is in the Tier 1 markets that we have invested the most effort and capital. It is against this backdrop that we seek to be a leader in ESG.



Developing capacity in Tier 1 markets is not an option for GDS—it is what our customers require.

Government Policy

We are prepared for all facets of our business to face dynamic regulatory environments. Here are selected policy developments that affect our business.

The Implementation Plan recognizes the need for data centers to be physically located in Tier 1 markets for low latency applications and in designated remote areas for non-real time computing. It encourages the development of more sustainable data centers with higher efficiency using low-carbon technologies. It also promotes strengthening the integrated security of networks, data centers, cloud platforms, and data and applications, as well as the protection of personal information.

April 2020

Largescale data centers were identified as one of the seven categories of “new infrastructure” earmarked for accelerated development at the Politburo’s National Conference.

May 2021

The National Development and Reform Commission (NDRC) published the Implementation Plan for Computing Hub of Collaborative Innovation System of National Integrated Large Data Centers (Implementation Plan), setting out the national vision and guidelines for the data center industry.

October 2021

The State Council sets forth a goal of renewable energy constituting 25% of China’s energy consumption by 2030.

September 2020

President Xi Jinping announced China’s carbon emissions targets before the U.N. General Assembly: peak carbon emission before 2030, and carbon neutrality by 2060.

July 2021

The Ministry of Industry and Information Technology (MIIT) published the Three-Year Action Plan for New Data Center Development (2021-2023) (Action Plan). The Action Plan closely follows the vision and guidelines set out in the Implementation Plan, and for the first time, encourages Chinese data center players to expand overseas, especially in the Belt and Road Area.

The central government continues to introduce high-level guidance as well as specific measures to promote energy conservation. In response, regional governments have introduced their own measures.

As we develop our smart infrastructure platform, we will work with our customers to ensure steadfast alignment with government policy.

ESG Materiality Assessment and ESG Strategy

To develop our ESG strategy, we first determined which aspects of our business operations were most significant to sustainability. Further, we assessed the relevant government or regulatory requirements. With these points of reference, we determined our ESG material topics. We then engaged stakeholders to help determine which material topics were most important.

Environmental



WHAT ESG TOPICS ARE MOST MATERIAL TO GDS?			HOW TO MEASURE PERFORMANCE?	HOW TO MANAGE THESE TOPICS?	
KEY ESG RELEVANT FEATURE	MATERIAL TOPICS	IMPORTANCE	KEY METRICS	APPROACH	STRATEGY
Our data centers are energy intensive	Renewable Energy	High	Renewable energy percentage and amount	<ul style="list-style-type: none"> Reduce carbon footprint by increasing renewable energy usage 	<ul style="list-style-type: none"> We have established a comprehensive roadmap to achieve 100% use of renewable energy and carbon neutrality by 2030
	Carbon Emission	High	Carbon emission intensity and amount		
	Energy Management	High	Power usage effectiveness (PUE)	<ul style="list-style-type: none"> Make data centers greener Reduce resource consumption by optimizing operational efficiency 	<ul style="list-style-type: none"> All our newly developed data centers will be designed and constructed based on international or domestic equivalent green building standards Continuously improve data center energy and water efficiency
Data center operations impact the environment on an ongoing basis	Water Management	Medium	Water usage effectiveness (WUE)		
	Waste Management	Medium	Waste recycle rate Hazard waste treatment incidents		
Our data center footprint is developing quickly, and we have many large construction projects	Construction Environmental Impact	Low	Construction waste recycling percentage Construction-related environmental incidents		

Social



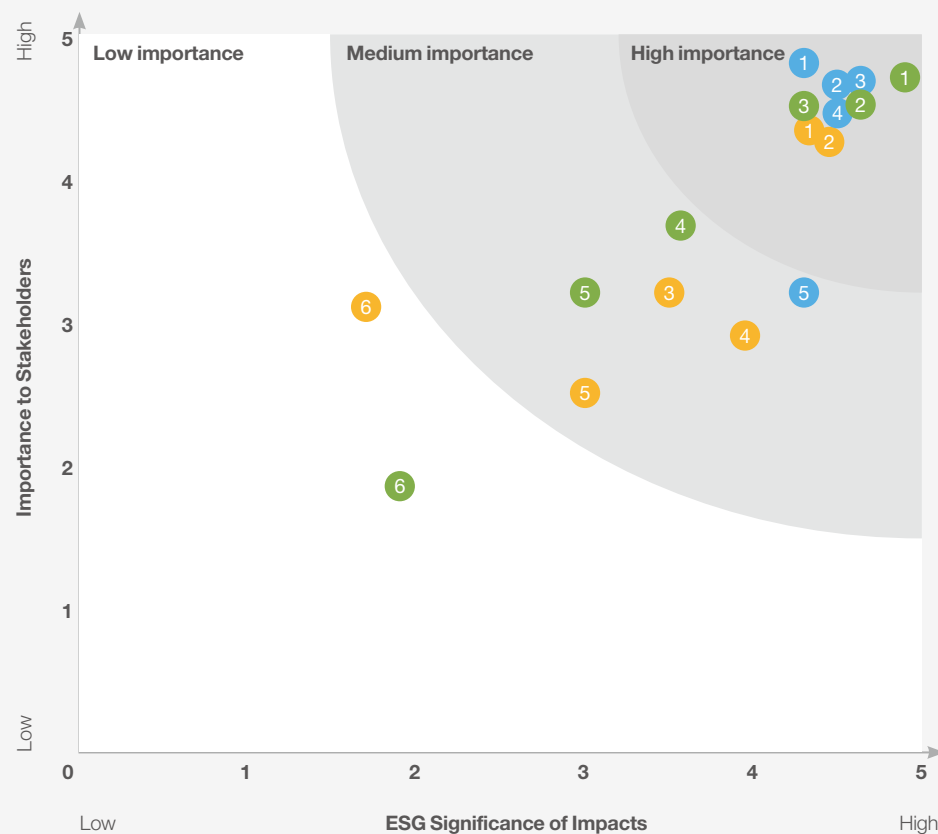
WHAT ESG TOPICS ARE MOST MATERIAL TO GDS?			HOW TO MEASURE PERFORMANCE?	HOW TO MANAGE THESE TOPICS?	
KEY ESG RELEVANT FEATURE	MATERIAL TOPICS	IMPORTANCE	KEY METRICS	APPROACH	STRATEGY
We serve over 700 customers, many of which are leaders in their respective industries Our customers have complex service requirements and ongoing requests	Customer experience	High	Numbers of customers, fulfillment of service level agreements, customer satisfaction	<ul style="list-style-type: none"> Empower with a smart infrastructure platform 	<ul style="list-style-type: none"> Provide cutting edge data center facilities, ensure best-in-class reliability and uptime, and provide unique and professional customer services
We need talented teams to enable business success	Employee Engagement & Development	High	Employee satisfaction Training hours per employee per year	<ul style="list-style-type: none"> Foster diversity, inclusion and personal development 	<ul style="list-style-type: none"> Provide employees with a caring work environment and career development opportunities Establish systematic training system for different levels of employees Establish diversity and inclusion policy and implement relevant programs
	Diversity & Inclusion	Medium	Ratio of females to total employees, or a subset of employees		
	Occupational Health & Safety	Medium	Total recordable incident rate (TRIR)		
We have many suppliers	Supply Chain Management	Medium	Percentage of suppliers required to follow our ESG requirements	<ul style="list-style-type: none"> Engage our value chain and communities to drive positive impact 	<ul style="list-style-type: none"> Educate and require supply chain to implement ESG initiatives Get involved in community development
We are part of the local community in all our locations	Community Engagement	Low	Community engagement affairs numbers		

Governance



WHAT ESG TOPICS ARE MOST MATERIAL TO GDS?			HOW TO MEASURE PERFORMANCE?	HOW TO MANAGE THESE TOPICS?	
KEY ESG RELEVANT FEATURE	MATERIAL TOPICS	IMPORTANCE	KEY METRICS	APPROACH	STRATEGY
We are listed on Nasdaq and HKEX We must comply with applicable regulations and maintain industry best practices We have many high-profile customers, especially financial industry customers	Corporate Governance	High	Independent director numbers and percentage Board diversity	<ul style="list-style-type: none"> • Maintain high standards of corporate governance 	<ul style="list-style-type: none"> • Comply with all applicable regulations and pursue industry best practices for corporate governance • Ensure the effectiveness of board oversight • Strengthen employee awareness on compliance and anti-corruption • Ensure a compliance and anti-corruption audit and monitor mechanism to verify relevant policy implementation
	Business Compliance	High	Percentage of employees who receive business compliance training Mechanism to audit and monitor business compliance		
	Anti-Corruption	High	Percentage of employees who receive anti-corruption training Mechanism to audit and monitor anti-corruption		
We are a data center company We have important customers whose platforms are critical to China's digital economy	Cyber Security	High	Percentage of employees who receive cyber security training Mechanism to audit and monitor cyber security	<ul style="list-style-type: none"> • Ensure strict protection of data security and privacy 	<ul style="list-style-type: none"> • Adopt advanced technology and management systems to protect data security and privacy • Strengthen employee awareness
Stakeholders expect us to incorporate ESG into business operations	Oversight of ESG	Medium	ESG activities and performance oversight	<ul style="list-style-type: none"> • Enhance sustainability through accountability 	<ul style="list-style-type: none"> • Establish sustainability management framework to manage and implement ESG policies at various levels • Monitor and report ESG performance on a regular basis

Materiality Assessment Result



High Importance

- 1. Renewable Energy
- 2. Energy Management
- 3. Carbon Emission
- 1. Customer Experience
- 2. Employee Engagement & Development
- 1. Cyber Security
- 2. Corporate Governance
- 3. Business Compliance
- 4. Anti-Corruption

Medium Importance

- 4. Water Management
- 5. Waste Management
- 3. Diversity & Inclusion
- 4. Occupational Health & Safety
- 5. Supply Chain Management
- 5. Oversight of ESG

Low Importance

- 6. Construction Environmental Impact
- 6. Community Engagement

GDS ESG Vision

Based on our business and sustainability context, we set forth the below ESG vision:

Connecting a smart infrastructure platform to a sustainable future.

We are dedicated to facilitating digital transformation by providing the world's leading innovators with a unique, open and sustainable smart infrastructure platform. As a market leader, we have the responsibility to lead our industry toward a more sustainable future. To this end, we seek to build sustainability into everything we do. Our commitment is founded on three key pillars:

- Minimize impact on the environment,
- Create value for all stakeholders, and
- Engender trust via rigorous governance.

ESG Targets and Performance

We set the following long term ESG targets. For more information regarding the scope of these targets and how they are calculated, see **Appendix: Key Metrics**.

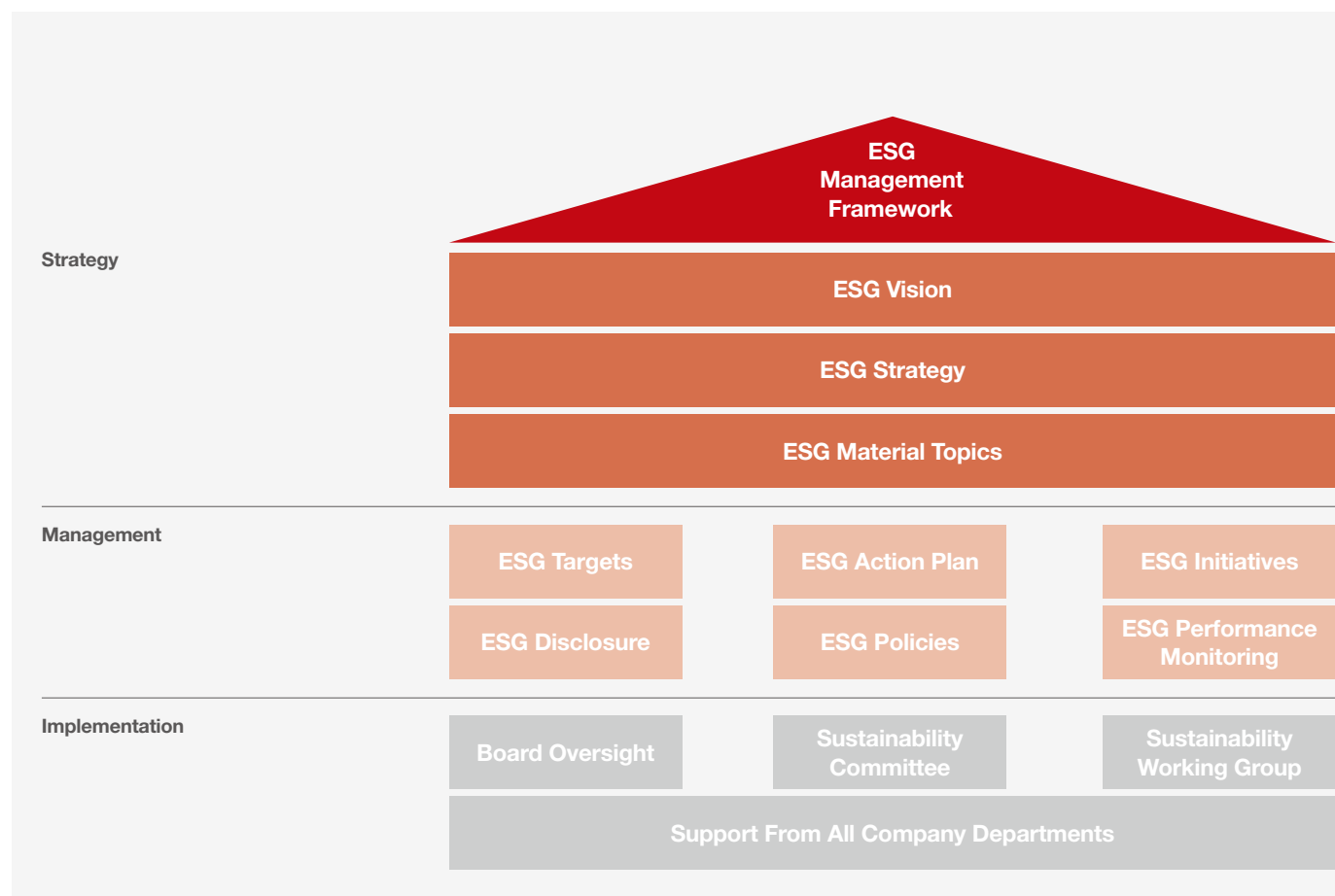
	MATERIAL TOPICS	KEY METRICS	2030 TARGETS	2020 PERFORMANCE
Environmental	Carbon Emission	Carbon intensity	0.00 tCO ₂ e/m ²	7.66 tCO ₂ e/m ²
	Renewable Energy	Percentage of renewable energy	100%	22.6%
	Energy Management	Average PUE of data centers	1.20	1.34
	Energy Management, Water Management, Waste Management, Construction Environmental Impact	Green building percentage	100% of self-developed data centers newly in service since 2020 will apply for green building certifications	25% of self-developed data centers newly in service in 2020 have received, or are applying for, green building certification
Social	Diversity & Inclusion	Percentage of females in senior level management	≥35%	34%
		Percentage of female employees	≥20%	17%
	Occupational Health & Safety	TRIR	≤2.0	N/A
Governance	Business Compliance	Compliance and anti-corruption training	100% of full-time employees	100% of full-time employees, completed by 1H 2021
	Anti-Corruption	Audit of implementation of FCPA (Foreign Corrupt Practices Act) and other anti-corruption related policies	Every two years	Every two years
	Cyber Security	Cyber security training	100% of full-time employees	100% of full-time employees, completed by 1H 2021

ESG Management Framework

To effectively implement ESG strategies and achieve our ESG targets, we have developed an ESG management framework with clearly defined responsibilities for each element in the ESG structure.

Framework

Our multi-level ESG management framework includes “strategy, management and implementation.” All relevant departments cooperate closely to continuously improve our ESG governance performance.

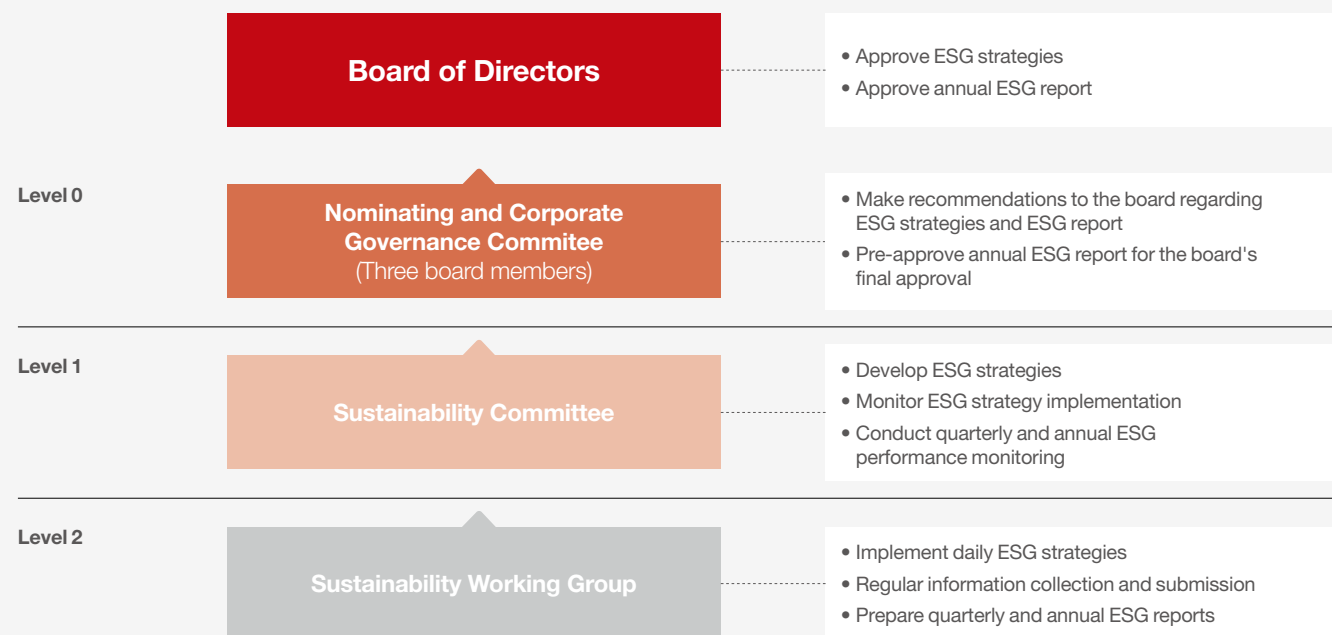


Sustainability Committee

Our Sustainability Committee is responsible for the formulation and implementation of our ESG strategy. The Sustainability Committee is accountable to our Nominating and Corporate Governance Committee.

Our Sustainability Committee is chaired by our chief financial officer and consists of our chief operating officer, general counsel, head of resources and energy, and head of human resources.

GDS Sustainability Reporting Structure



Renewable Energy Context

Renewable energy – our greatest ESG focus

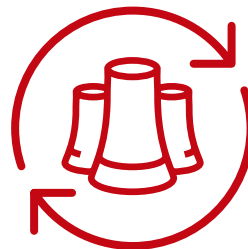
Among all material topics, we are most focused on renewable energy. We believe we are successfully executing strategies for other material topics such as energy efficiency, customer experience and corporate governance. The application of renewable energy, however, presents great challenges to our company and our industry. To better understand our approach in this macroenvironment, we have outlined renewable energy principles.

Carbon Emission

Under the ISO 14064 Greenhouse Gas (GHG) standard, there are three kinds of GHG emissions:

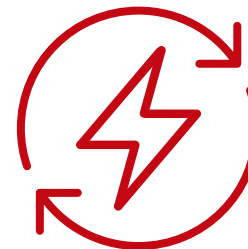
Scope 1

Direct emissions that involve the onsite consumption of gasoline, diesel oil or other fossil fuel.



Scope 2

Indirect emissions associated with the purchase of electricity, steam, or district chilled water.



Scope 3

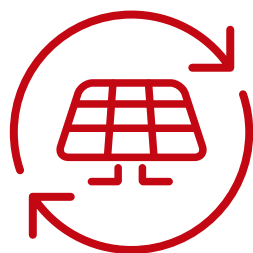
Other indirect emissions such as embedded carbon in construction material.



Scope 2 is the major emission source for data centers. The most effective way to reduce Scope 2 emission is to increase renewable energy as a percentage of total of energy consumption.

Renewable energy and recognized renewable sourcing options for energy end users

Renewable energy generally refers to forms of energy produced from renewable sources, including wind, solar, hydro, biomass, geothermal, etc. These energy sources play a pivotal role in worldwide carbon emission reduction. We find the globally recognized RE100 criteria to be a practical reference source for explaining the options available for achieving 100% renewable energy consumption and claiming attributes for using renewable energy.



Most Applicable Renewable Options for Data Centers in China

- **Renewable energy direct purchase (RE DPP)**

A power purchase agreement made between a renewable energy generator and an end user in which electricity produced by a renewable facility is physically delivered to power the corporate buyer's operations.

As of June 2021, RE DPP is available in only a few markets in China. In September 2021, a national RE DPP market was launched by the NDRC and the National Energy Administration (NEA). It enables nationwide RE DPP. RE DPP scale is expected to increase as a result.

- **Renewable energy investment**

End users make direct investments in renewable energy projects and retain the certificates that are generated. In areas without certification systems, end users retain the attributes of generation and ensure the attributes are not claimed by other entities or otherwise "double-counted." The power generated may not be physically consumed by the investor who retains the attributes.

- **Renewable energy certificates (RECs)**

RECs are a type of renewable energy attribute certificate. These certify that a certain amount of renewable energy has been generated. End users can purchase unbundled RECs separately from electricity to match their electricity consumption from non-renewable sources.

RECs include certificates based on the International REC Standard (I-RECs) and the Green Electricity Certificate Standard of China (GECs). Based on 2021 data, I-RECs typically have a lower price than GECs. This is because I-RECs prices depend on supply and demand only, while for government subsidized projects in China, the owner must forfeit subsidies to register and sell GECs. This makes GEC prices almost equal to subsidies, regardless of supply and demand. I-RECs are recognized by international initiatives such as RE100 but may not be recognized by the Chinese government (depending on specific government requirements). GECs are generally recognized by both international initiatives and the Chinese government. We anticipate that more subsidy free renewable projects will be developed in the future and GEC prices will drop.

- **Onsite renewable installations**

Renewable facilities from which energy produced on-site is directly consumed by the end user's operations onsite. Due to the high energy intensity of data centers, onsite renewable energy usually contributes to no more than 1% of total energy consumption and therefore is not a meaningful option for carbon emission reduction.




Environmental

Minimize Environmental Impact

United Nations Sustainable Development Goals (UN SDGs) alignment



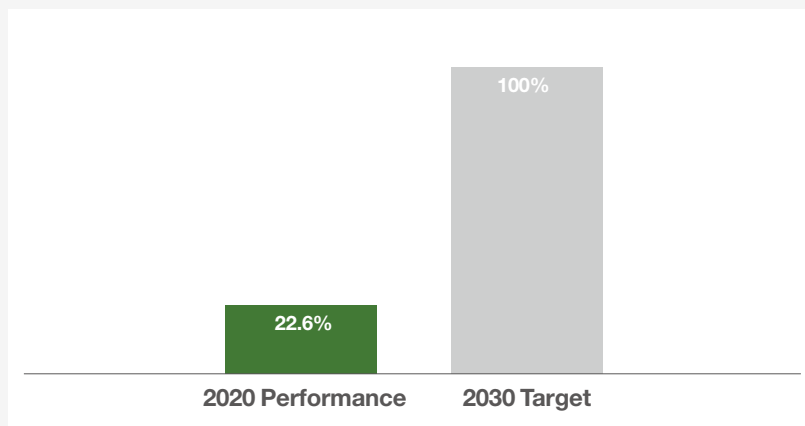
We will minimize our environmental impact by transitioning to renewable energy, developing green data centers, and optimizing operational efficiency.

AREA OF FOCUS		2020 HIGHLIGHTS	2030 TARGET
	Renewable energy Reduce carbon footprint by increasing proportion of renewable energy usage	22.6% renewable percentage	100% renewable percentage & carbon neutrality
	Green design & construction Make our data centers greener	25% of self-developed data centers newly in service in 2020 have received, or are applying for, green building certification	100% of self-developed data centers newly in service since 2020 will apply for green building certification
	Green operations Reduce resource consumption by optimizing operational efficiency	1.34 average annual PUE	1.20 average annual PUE

Renewable Energy

Reduce carbon footprint by increasing renewable energy usage

Renewable Energy Percentage



For more information regarding the scope of these targets and how they are calculated, see **Appendix: Key Metrics**.

Over 99% of our operational carbon emissions (Scope 1 & 2) comes from electricity usage.

Transitioning to renewable energy is the most effective way to address the challenge posed by energy-intensive data centers. We seek the best ways to increase the percentage of renewable energy in our total energy consumption and contribute to China's energy transition and commitment to achieve peak emissions by 2030 and carbon neutrality by 2060.

By 2030, 100% of our electricity usage will come from renewable energy sources. We will then reduce the remaining 1% of our operational carbon emissions through carbon offsets to achieve **carbon neutrality**.

Our current approach

Direct purchase: We have had access to renewable energy direct purchase in Beijing, Shanghai, Shenzhen, Chengdu and Zhangbei since their trading markets opened. We directly purchase wind power for our four build-operate-transfer (B-O-T) data centers in Zhangbei and one of our self-developed data centers in Shenzhen. We directly purchase hydro power for two of our self-developed data centers in Chengdu and three of our self-developed data centers in Shanghai. We directly purchase solar power for three of our self-developed data centers in Beijing.

RECs: We offset our carbon emissions by purchasing International REC Standard certificates (I-RECs). We have signed an agreement to secure a supply of I-RECs for the year 2021. In November 2021, we signed a multi-year agreement with CGN New Energy to procure GECs.

Onsite renewable systems: We install onsite renewable systems in some of our data centers and use this power for lighting and office appliances.

In 2020, we launched a green upgrade project at our Shanghai #3 Data Center.

We installed a solar wall on the windowless, south-facing façade of the building. This was in addition to taking full advantage of the industrial park's renewable energy supply. The electricity generated through the solar panels has increased the data center's use of renewable energy.



Solar wall of our Shanghai #3 Data Center

Our strategy to achieve 2030 target

As China transitions to sustainable energy, we are pioneering the use of renewable energy and contributing to the country's sustainable development agenda. We are committed to low carbon development in our business operations. **We have developed our strategy to achieve 100% renewable energy use and carbon neutrality by 2030.**

Our renewable energy strategy is based on an in-depth understanding of the availability of renewable sourcing approaches in all regions where we operate. We conducted a deep-dive analysis of regional policies and market trends to assess the feasibility of various approaches.

APPROACH	SHORT TERM	LONG TERM
Direct purchase of renewable energy	We have already used direct purchase for some of our data centers. We will continue to promote regional green electricity trading with the government and will increase trading volume in-line with the latest policies of provincial governments.	We will continue to make every effort to achieve reasonable scale of direct purchase based on costs and relevant policies.
Renewable energy investment	We plan to launch pilot investment projects.	We will proactively seek opportunities to invest in renewable energy projects, particularly projects that can supply power directly to our data centers, or from which we can directly purchase power.
RECs	We will purchase RECs to supplement our direct purchases and investments.	We will purchase RECs to supplement our direct purchases and investments.
Onsite installation of renewable energy systems	We will install renewable energy systems, where practical, to supply electricity for office and lighting. We will study the feasibility of using hydrogen energy and other onsite renewable solutions to power data centers.	We will continue to install onsite renewable energy systems to supply electricity for office and lighting. Our data centers will use hydrogen energy and other onsite renewable solutions when the solutions are technologically mature and commercially ready.

Our strategy to achieve 2030 target

Cross-industry cooperation

We will consider all ways to optimize our energy consumption mix in close partnership with the energy sector. We are communicating with government agencies, power grid companies, and power generation companies and brokers to make joint efforts on the implementation of renewable energy direct purchase in other regions.

Strategic partnership and collaborations with leading energy companies

We have established strategic partnerships with leading energy companies with strong renewable energy capabilities, including China Resources, Beijing Energy, Shenzhen Energy, and Sembcorp Industries. These collaborations cover:

- Co-development of renewable power plants that may eventually supply power to GDS data centers
- Direct purchase of green power, either long term or short term
- Renewable energy certificates supply, either long term or short term
- Other integrated energy solutions, such as hydrogen supply, distributed renewable energy system, energy storage, liquid natural gas supply, etc.

Apart from these strategic partnerships, we collaborate with GGN New Energy, China Yangtze Power, and other leading energy companies. We will continue to establish more strategic partnerships. With these partners and suppliers, we believe we can leverage expertise and resources to support our carbon neutral journey in a cost-effective way.

Our recent collaborations with leading energy companies

CGN New Energy	<p>In September 2021, we signed an MOU with CGN New Energy to procure 2,000 GWh of renewable energy via DPP.</p> <p>In November 2021, we signed a multi-year agreement with CGN New Energy to procure approximately 30,000 GWh of GECs.</p> <p>We procured wind power from CGN New Energy for one of our Shenzhen data centers in 2021 via DPP.</p>
China Resources	We procured solar power from China Resources for three of our Beijing data centers in 2021 via DPP.
China Yangtze Power	We procured hydro power from China Yangtze Power for three of our Shanghai data centers in 2021 via DPP.
Sembcorp Industries	We purchased I-RECs from Sembcorp in 2020 and 2021.

Our Shanghai #2, #3 and #4 data centers directly purchase hydro power from China Yangtze Power



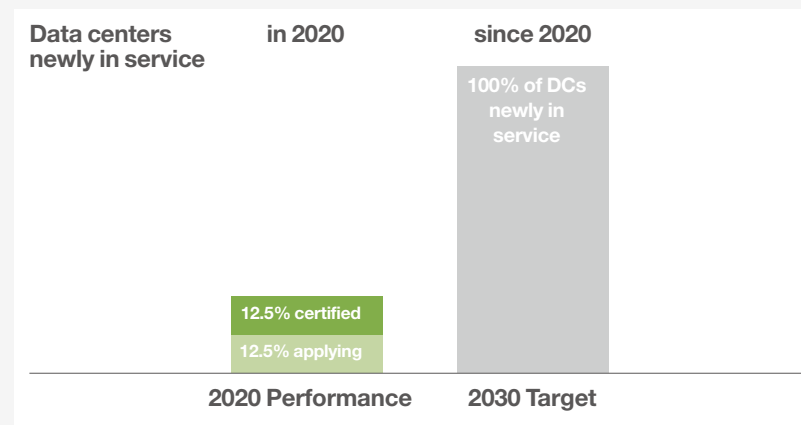
Green Design and Construction

Make our data centers greener

The MIIT's "14th Five-Year" Development Plan for the Information and Communication Industry sets stringent requirements for data center development in terms of computational power, energy efficiency and networks. The Five-Year Plan also highlights the role of green data centers in facilitating low-carbon transformation in various industries.

To align with the Five-Year Plan's objectives, we pay strict attention to the entire data center lifecycle and every aspect of data center development. We are committed to mitigating our environmental impact and improving resource usage efficiency. With lifecycle environmental management and smart technologies, we can minimize our environmental footprint, and build greener and more cost-effective data centers.

Green Building Percentage



Green Building Certification

GREEN BUILDING RATING SYSTEM	TOTAL	2020 NEW AWARDS
LEED	2 Gold, 1 Certified	0
ODCC Green Data Center	4 5A, 8 4A, 1 3A	3 5A, 3 4A, 1 3A
MIIT Green Data Center	3 certificates	1 certificate
No. of DCs with green certification	15	8



Our LEED Gold and ODCC "5A Green Data Center" certificates

For more information regarding the scope of these certifications, see **Appendix: Key Metrics**.

Our current approach

Green design

Our design principal is to optimize the power usage effectiveness (PUE) and water usage effectiveness (WUE) based on customer requirements, industry-leading technologies, local climate conditions, and applicable design codes.

Green construction

We take measures to prevent dust, noise, water, soil and other potential pollutions during construction period. We reduce, reuse, and recycle construction waste. We use locally manufactured pre-fabricated construction materials. All these actions enable low environmental impact construction.

Our strategy to achieve 2030 target

We are increasing our investment in green data centers. In the future, all self-developed data centers will be designed and constructed based on international green building standards. We will continue to leverage our experience to develop green data centers and seek opportunities to apply new green technologies.

GREEN TECHNOLOGIES IN OUR DATA CENTERS



Cooling system

High performance cooling system



Increase cooling efficiency

Air side free cooling
Water side free cooling



Reduce cooling demand

Heat recovery



Heat office area in winter



Power system

High efficiency power system



Reduce power loss

Onsite renewables

Increase renewable usage



Control system

Smart monitoring system



Enable green operations

Smart control system

Green Operations

Reduce resource consumption by optimizing operational efficiency

Industry-leading PUE management and performance

In 2020, our self-developed data centers achieved an average PUE of 1.34, compared with a global average for data centers of 1.59.⁽¹⁾ Apart from operation skills, PUE is also affected by climate conditions, customers' temperature requirements, and other factors. Considering the expanse of our footprint across China's Tier 1 markets and the requirements of some of the largest and most demanding customers, our PUE performance is industry-leading.

As of October 31, 2021, our best performing data center achieved average PUE of 1.19.

Our target

1.20

PUE performance by 2030

(1) Uptime Institute: 2020 Annual Data Center Survey Results

Energy and Water Performance

INDICATOR		UNIT	2020
Energy consumption	Diesel consumption	L	525,815
	Gasoline consumption	L	58,108
	Power consumption	GWh	2,758
Water resource management	Water consumption	tons	3,411,819
	Water usage effectiveness	—	1.64

GHG Emissions Performance

INDICATOR	UNIT	2020
GHG emission (Scope 1)	tCO ₂ e	3,638
GHG emission (Scope 2)	tCO ₂ e	1,515,487
Carbon intensity	tCO ₂ e/m ²	7.66

Management System

INDICATOR	2020
ISO 14001 Environmental Management System	Yes
ISO 50001 Energy Management System	Yes

The formula for converting power consumption to GHG emissions vary among countries and regions. This means that the same amount of energy consumption may translate to different amounts of GHG emissions depending on the standard applied. For this report, we use the most applicable conversion factors in China. For carbon intensity, we use carbon emissions per average quarterly data center utilized net floor area. To compare our carbon intensity with those of our peers, one must note the denominator that each applies. We apply average quarterly data center utilized net floor area as the denominator.

For more information regarding the scope of these indicators, see **Appendix: Key Metrics**.

Our current approach

Energy and water management system

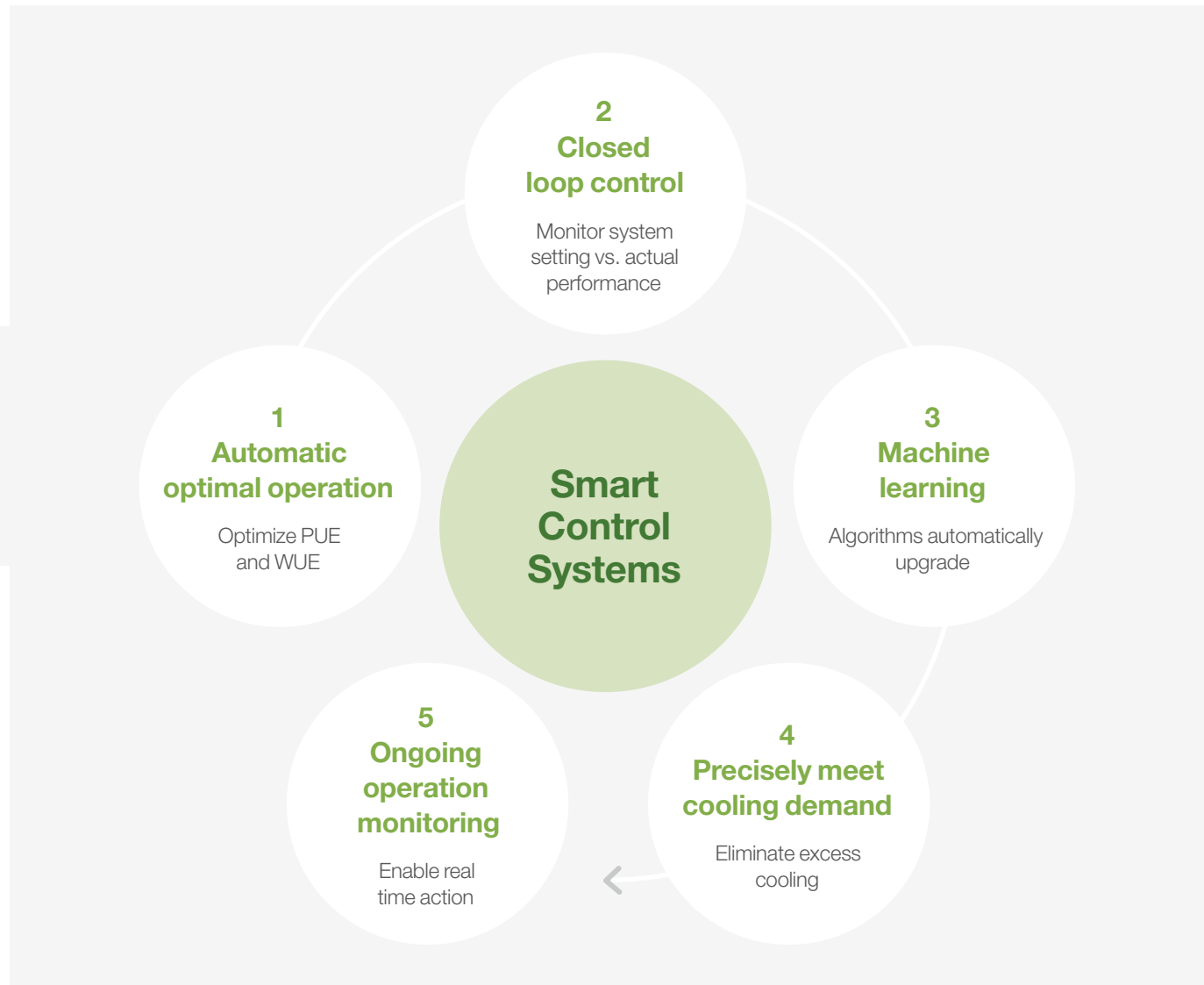
We have established comprehensive energy and water management system based on ISO 50001 standards. A dedicated cross region team implements the management system and monitors performance.

Energy and water management technology

We use smart control technology for precise control of our cooling systems. We have AI algorithms to control the cooling system to run at optimal conditions, with optimal PUE and without excess cooling. Our smart control systems can also improve WUE.

Our strategy to achieve 2030 target

We will continue to apply our energy and management system, and improve energy and water efficiency through energy retrofiting, operational improvement, and by applying the latest smart technology.



CASE STUDY**Example of continuous improvement for existing data center energy and water efficiency**

Our four energy and water conservation retrofits in 17 DCs in 2020 saved a total of 2.6 million kWh of electricity, 2,600 tons of water and recovered 17,000 GJ/h of excess heat supply. The recovered heat provides hot water that can be used by surrounding end users as a source of domestic hot water or space heating.

NO.	ENERGY AND WATER CONSERVATION MEASURE	NO. OF DATA CENTERS
1	Chiller replacement	1
2	Heat recovery to supply surrounding end users' heating load	1
3	Cooling tower control optimization	17
4	Water treatment optimization	4
Total savings		Excess heat supply: 17,000 GJ/h Electricity: 2,600,000 kWh/y Water: 2,600 tons/y



Cooling tower water treatment in Beijing

Water treatment optimization

Our self-developed water treatment system has optimized the water treatment process for cooling towers. By monitoring the electrical conductivity of the water supply, we more precisely control effluent discharge and chemical treatment. This system can recycle cooling water, reduce wastewater discharge and improve water use efficiency. At present, our Beijing #1, #2 and #5 data centers have been equipped with the system, which reduces these data centers' annual water consumption by 5%.

Social

Create Value for All Stakeholders

UN SDGs alignment



We will create value for all stakeholders by providing a best-in-class smart infrastructure platform to our customers, empowering our employees and engaging our value chain

AREA OF FOCUS

2020 HIGHLIGHTS



Customers

Empower with a smart infrastructure platform

9.556

out of 10 customer satisfaction score

14

data centers are awarded Uptime M&O Stamp of Approval



Employees

Foster diversity, inclusion and personal development

31.3

training hours per employee per year

34%

of female employees in senior-level management



Suppliers & Community

Engage our value chain and communities to drive positive impact

100%

of suppliers required to sign our sustainable development commitment letter

100%

of engineering and equipment suppliers required to undergo EHS review

Customers

Empower with a smart infrastructure platform

We are dedicated to cutting edge data center facilities, best-in-class reliability, and unique and professional customer service. Our high-performance standards reflect our history and culture as an IT service provider and distinguish us among peers.

As of December 31, 2020, we had 14 data centers awarded with “Management and Operations (“M&O”) Stamp of Approval” by the Uptime Institute, an unbiased advisory organization focused on improving the performance, efficiency, and reliability of business-critical infrastructure. In 2018, we signed a three-year framework contract with the Uptime Institute to support continuous verification of the operation and maintenance capabilities of our data centers. The Uptime Institute also recognized our unified regional operation and management capabilities, by awarding us with four "M&O Stamp of Approval of a Region."

In 2020, we engaged third-party research firm NielsenIQ to conduct a customer satisfaction survey. Conducted from November 29 to December 30, 2020, NielsenIQ's survey used quota sampling, computer-assisted telephone interviews, and in-depth interviews to determine our customers' perception of our company's business across an array of industries. The survey collected feedback from 279 business users. The average customer satisfaction score was 9.556 out of 10.

Our Performance and Targets

	2020
Customer Satisfaction Score	9.556 out of 10
Service Level Fulfillment	20 years' track record of reliability
Uptime M&O Stamp of Approval	14 DCs
Uptime M&O Stamp of Approval of a Region	4 regions



For more information regarding the scope of these metrics, see **Appendix: Key Metrics**.

Our current approach

Cutting Edge Data Center Facilities

We believe our own in-house data center design capability is unparalleled in the industry.

Our data centers are largescale, highly reliable and highly efficient facilities that provide a flexible, modular and secure operating environment in which our customers can house, power and cool the computer systems and networking equipment that support their mission-critical IT. We install high power density (which refers to the ratio of power capacity to net floor area) and optimize PUE, which enables our customers to deploy their IT systems more efficiently and reduce their operating and capital costs. As a result of our advanced data center design, high technical specifications and robust operating procedures, we are able to make service level commitments related to service availability and other key metrics that meet our customers' required standards.

Within our data centers, our service platform helps customers integrate and control every aspect across private and public cloud server configurations, or "hybrid clouds". The innovative nature of our hybrid cloud platform can be demonstrated in at least two ways: (1) our ability to allow continuous reconfiguration of resource provision across multiple cloud providers and our platform; and

(2) our software defined network technologies enable flexible and cost effective connectivity among public clouds, private clouds, and on-premise colocation in GDS data centers with last mile connectivity to customers' offices or any final destination. This provides a one-stop solution for customers' IT infrastructure.

The combination of our expansive data center portfolio and innovative service is a network platform that supports customers' multi-point deployment and continued expansion.

Best-in-Class Reliability

We have a unified national platform for data center operations and customer service. This helps us ensure uniform standards among all data center campuses, and a consistent service experience for customers deploying data centers in multiple places. In 2020, no major accidents were reported.

We are one of the first data center companies with a centralized system. Our operations and management framework has three levels: Global Operation Command Center (GOCC), Regional Operation Command Center (ROCC) and Data Center Unit (DCU). All self-developed and B-O-T data centers, along with those third-party data centers operated and maintained by us, are subject to the GOCC and ROCC management to ensure consistent O&M quality across regions.

Unique and Professional Customer Services

We develop close partnerships with our customers by providing them with reliable, customized and smart services. Our customer service features:

- A service system with points of contact, solutions, processes, teams and tools
- Customer facing mobile app and website for efficient communication
- Frequent interaction and communication among executives, management and decision-makers
- Regular and frequent reports to customers



Our GOCC in Shanghai ensures consistent service quality across regions

CASE STUDY

Response Against COVID-19

Right after the outbreak of COVID in January 2020, we activated our GDS Public Health Emergency Plan and established an emergency response team consisting of management personnel to oversee the timely response to emergencies. We continue to provide our customers 24/7 non-stop online and offline services to ensure their stable operation in our data centers.



Key Performance:

From the outbreak of the epidemic to March 3, 2020, we had helped customers with:

260+

delivery vehicles
entering sites

2,200+

requests to maintain
IT equipment and cabling

300+

generic cabling

2,500+

requests to enter sites

From the outbreak of the epidemic to December 31, 2020, we had recorded:

0

COVID-19
infections

0

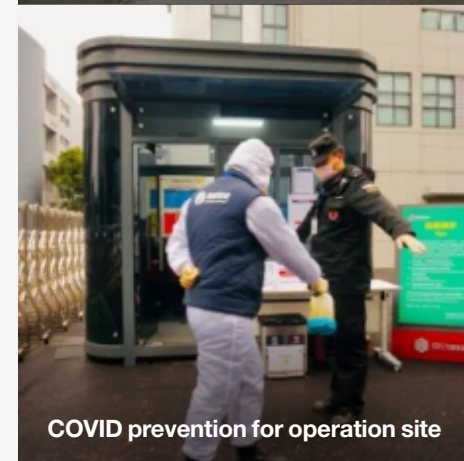
SLA breaches



COVID prevention
for construction site



Hygiene products



COVID prevention for operation site



Onsite inspection during outbreak

Employees

Foster diversity, inclusion and personal development

We believe that our employees' personal growth and our corporate growth are mutually reinforcing. We are committed to building a workplace that advocates diversity, inclusion, and personal development.



Our performance and targets

EMPLOYEE TRAINING AND DEVELOPMENT		2020
Employment		
Number of employees		1,479
Employee turnover rate		17.0%
ISO 45001 Occupational Health and Safety Management System		Yes
Career Development		
Percentage of employees who receive regular performance and career development reviews		100%
Average training hours per employee per year		31.3
Average training hours per employee per year - By rank	Primary-level	39.13
	Middle management	18.10
	Senior management	22.62

DIVERSITY AND INCLUSION		2020
Diversity – By Gender		
Percentage of female employees		17%
Percentage of female employees in mid- to senior-level management		22%
Percentage of female employees in senior-level management		34%
Diversity – By age		
Below 30		33%
30 - 50		64%
Above 50		3%
Diversity – By race		
Han		92%
Others as a group		8%

For more information regarding the scope of these targets and how they are calculated, see **Appendix: Key Metrics**.

Our current approach

A caring work environment for all employees

Human Capital Management Strategy

Our data center industry is characterized by dynamic market forces and cultural demands. Therefore, we develop professionals who are highly adaptable. Our human capital management strategy has four dimensions: attraction, training, utilization and retention.

We recruit both seasoned personnel from other industries, and fresh university graduates. We work with universities to cultivate more talent for the industry. We offer internships for university students. We provide employees with competitive compensation, benefits and incentives. We use share-based compensation as an incentive for middle and senior management personnel, select primary-level employees, and key professional and technical personnel.

We believe that a satisfied and unified team is critical to corporate development. We conduct quarterly employee satisfaction surveys. The survey identifies issues for management to address and serves as a communication channel for employees to provide feedback.

Four dimensions of our human capital management strategy

Attraction

- Competitive compensation and benefits package
- Multi-dimensional career planning

Training

- Multiple forms of training
- Business-driven growth

Retention

- Medium-term retention plan & long-term Employee Stock Ownership Plan
- Retention of outstanding employees

Utilization

- Assessment of competence
- Management of performance

Environmental Health and Safety

We have established a closed loop EHS (environmental, health and safety) management system based on ISO 14001 and 45001 standards. This system covers construction, operation, and other business activities. We review and update the EHS management system from periodically and conduct internal and external audits to ensure our EHS management system's effectiveness.



Our operations team participates in EHS training

Diversity and Inclusion

We are committed to creating a diverse, harmonious, equitable and inclusive team culture. We respect personal differences, have formulated diversity and inclusion policies, and we prohibit any discrimination against age, gender, nationality, race, cultural background, religious belief and marital status. We strictly adhere to the equal employment and equal pay principles and prohibit the use of child labor and forced labor.

As we grow and scale across new cities and regions, we recognize the importance of nurturing a diverse and inclusive culture, which drives innovation, and enables us to deliver our best results for our employees and customers.

Female Workforce Initiative

Our female workforce is a critical element of our company. We understand they may face special pressures during daily work. We want to provide sufficient support to ensure:

- They will not face any discrimination
- They will have equal opportunity for career development
- They will have work life balance

We regularly arrange activities for our female workforce after working hours to enhance their sense of belonging and improve work life balance.



We are proud that many of our most senior and influential colleagues are female.

Employee Benefits and Welfare

We emphasize our employees' welfare as much as their compensation, benefits and skills training. We strictly comply with employment laws and regulations, such as statutory social insurance policies and housing provident fund for qualified employees, and we offer a variety of employee benefits.

Relocating to Shanghai Sunland International

As our team grew, we relocated our corporate headquarters to the Sunland International Building in 2020. We believe that Sunland's more spacious environment and higher-quality amenities provide a healthier workplace.



Career Development

We have established a learning and development system to align individual competencies with corporate development needs.

We encourage employees to receive external training to develop both professionally and personally. We have a formal program for seasoned employees to share their experience and expertise with others through interactive lectures. Our Employee Training Management Policy stipulates full support for employees to participate in degree and certificate programs, language and professional training. Meanwhile, we encourage employees to share their knowledge to their colleagues. By 2020, we had 42 internal lecturers and had developed 64 courses on our own.



Degree and Certificate Programs

Reimburse employees who pursue certifications or degrees



Career Development Trainings

Design corresponding development channels for different types of talents



Leadership Trainings

Develop a complete training system for management personnel at different levels



To maintain a high-performing culture, we offer best practice learning and support programs.

CASE STUDY

Using “Sparks” to Shape a Versatile Operation and Maintenance (O&M) Team

Our Spark Program is based on the premise that every team member is a spark that can inspire others. The Spark Program is a tiered training system that includes the Sunrise Program, Golden Eagle Program and Data Center Operation Management College. The program aims to strengthen our platform's capability and individual team members through targeted and systematic courses.



SPARK PROGRAM TIERS	TARGET GROUP	OBJECTIVE
Sunrise Program	<ul style="list-style-type: none"> Fresh graduates (holders of the associate's or the bachelor's degrees) Major in mechanical engineering, electrical engineering, etc. 	<ul style="list-style-type: none"> The trainees will fully understand the corporate culture and values, set clear career goals, and be included in the talent pool for the data center duty team
Golden Eagle Program	<ul style="list-style-type: none"> Outstanding fresh graduates with bachelor's or master's degrees and high potential to excel Major in mechanical engineering, electrical engineering, etc. 	<ul style="list-style-type: none"> The trainees will replenish the workforce of data centers and improve its employee structure
Data Center Operation Management College	<ul style="list-style-type: none"> All personnel in data centers 	<ul style="list-style-type: none"> To enable trainees become future data center managers

CASE STUDY

Data Center O&M College

Our Data Center Operation Management College uses our dedicated learning facilities in Beijing, Shanghai and Shenzhen. The college offers five learning components.



Suppliers

Engage our value chain to drive positive impact

We work with suppliers to build a sustainable and responsible supply chain.

SUPPLIER MANAGEMENT	2020	2030 TARGETS
Percentage of suppliers required to complete our Third-Party Due Diligence Questionnaire	100%	100%
Percentage of suppliers required to sign our Letter of Commitment for Sustainable Development	100%	100%
Percentage of suppliers required to undergo EHS review	100% of engineering and equipment suppliers	100% of engineering and equipment suppliers

The above supplier ESG initiatives apply to all suppliers since the initiatives were launched in 2020 and before.

EHS review applies to engineering and equipment suppliers only. Other suppliers have low EHS risk.

Our current approach

We have established a closed-loop supplier management system and formulated a Supplier Code of Conduct. In doing so, we enhance the resilience of the supply chain. In addition, we have set up a third-party “supply chain risk radar” to monitor supplier risks on an ongoing basis. We also conduct assessments of our suppliers’ financial, commercial, legal and reputational risks.

Closed-loop supplier management

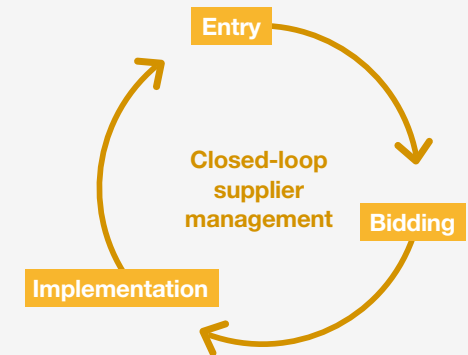
Entry

- Suppliers are required to complete our Third-Party Due Diligence Questionnaire and sign our Letter of Commitment for Sustainable Development.
- Engineering, equipment and service suppliers involved in onsite installation are required to fill in our EHS Questionnaire and submit EHS certifications for auditing.
- Compliance and background checks are carried out to avoid related-party transactions.

Bidding

- Sustainability and EHS requirements are incorporated in the bid documents and suppliers are required to respond ensuring we work with suppliers who share our values.
- All suppliers are required to sign an integrity agreement to prevent corruption, and to sign a confidentiality agreement.
- Indicators are set for quantitative assessment. Responsible production and operations are encouraged.

Phase



Implementation

- We have a multi-level procurement management system.
- Employees, subsidiaries, related parties, agents, subcontractors and lower-level suppliers of all engineering, equipment, services and other supplier, are required to abide by our standards on business operations and code of conduct regarding business ethics, IPR protection, equal employment, environmental protection and sustainability.
- Suppliers are encouraged to follow industry best practices.
- Process tracking and annual performance appraisal are conducted in terms of quality check, delivery and cost and other aspects.

Community

Engage our communities to drive positive impact

Our Performance

We understand our role in society and believe our growth is inseparable from social prosperity. Hence, we work with all stakeholders to create social value through corporate practices. We devote ourselves to social services with enthusiasm, including assisting orphans and the disabled, promoting education equality and advancing rural revitalization, giving back to the community through practical and responsible actions.



Our social welfare practices

AREA	GDS ACTION
Assistance to orphans and the disabled	<ul style="list-style-type: none"> Donated to Sun Nan Special Fund for Reshaping the Future, to support teenagers with physical disability under the “Reshaping the Future” program initiated by the China Association of Persons with Physical Disability. Sponsored limb correction surgeries with advanced orthopedic technologies for poor and disabled teenagers.
Financial support for sports development	<ul style="list-style-type: none"> Donated to Shenzhen Zhang Lianwei Sports Development Foundation. Funded Chinese junior and professional golf activities.
Contribution to rural revitalization	<ul style="list-style-type: none"> In May 2020, our subsidiary Heyuan Teng Wei Yun Science & Technology Co., Ltd. donated to Shangdong village of Heyuan City, Guangdong Province, to help families in urgent need of renovating their dilapidated houses.
Financial support for teenager education	<ul style="list-style-type: none"> In June 2020, our subsidiary Shanghai Jingyao Network Technology Co., Ltd. donated to Shanghai Minhang Chunshen Education Development Foundation to build school buildings at Shanghai Pujiang Foreign Language School Affiliated to WFL Education.

Our Long Term Strategy

Social

Customers

We will continue to provide cutting edge data center facilities, ensure best-in-class reliability and uptime, and provide unique and professional customer services.



Employees

We will continue to provide employees with a caring work environment and career development opportunities. We are also establishing systematic training programs for employees at various stages of their careers, establishing more robust diversity and inclusion policies and implementing relevant programs to enhance our current offerings.



Suppliers

We will continue to educate our supply chain participants about ESG and require them to implement ESG best practices. We will enhance our supplier ESG performance monitoring practices with the aim of making our entire value chain more sustainable.



Community

We will continue to contribute to local community development and encourage our employees to get involved.



Governance

Engender Trust via Rigorous Governance

UN SDGs alignment



We will engender trust by maintaining high standards of corporate governance, protecting data security and privacy, and enhancing sustainability through accountability.

AREA OF FOCUS

2020 AND 1H 2021 HIGHLIGHTS

**Corporate Governance**

Maintain high standards of corporate governance

100%

of employees have received anti-corruption and compliance training

**Cyber Security**

Ensure strict protection of data security and privacy

100%

of employees have received cyber security training

**Oversight of ESG**

Enhance sustainability through accountability

ESG Management Framework
Established

Corporate Governance

Maintain high standards of corporate governance

A sound, robust and efficient corporate governance system is the foundation for corporate development. We observe all applicable laws and regulations, listing rules and our Articles of Association. We are also committed to creating a transparent and compliant business environment in accordance with international and domestic best practices. We constantly improve corporate governance and ensure steady, healthy, and high-quality corporate development by embracing high standards.



Our performance

	2020 AND 1H 2021
Directors	11
Independent directors	5 out of 11, 45%
Female directors	2 out of 11, 18%
Independent audit committee	Yes
Board meetings	13 (in 2020)
Audit the implementation of FCPA and other anti-corruption related policies	Once every two years
Compliance and anti-corruption training	100% of employees

For more information regarding the scope of these targets, see **Appendix: Key Metrics**.

MANAGEMENT STRUCTURE

Board of directors



11

Board members

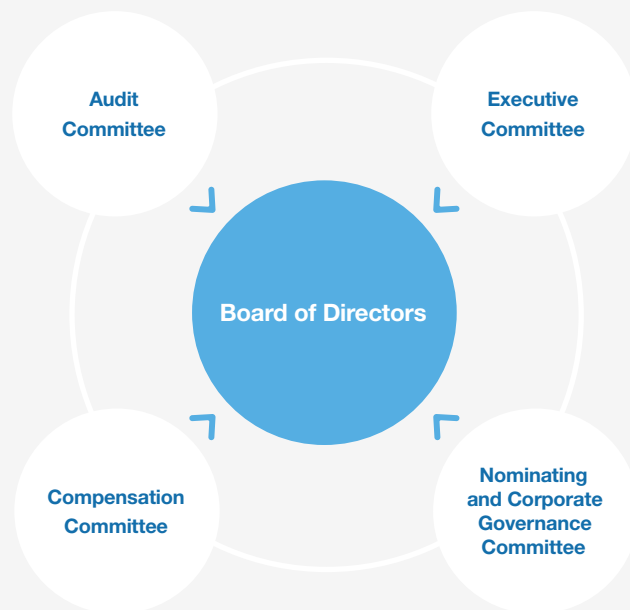
2

Female directors

5

Independent directors

Our committees



As of June 30, 2021.

Our current approach

Board Governance

We have established a governance structure with clear division of responsibilities. We continue to regulate information disclosure and ensure its timeliness, integrity, accuracy and transparency. We maintain good communication with our investors and shareholders to effectively safeguard their interests.

We have a diverse board of directors. As of June 30, 2021, our board had 11 directors, including five independent directors and two female directors. Our five independent directors are an important part of our corporate governance system to protect the interests of minority shareholders and stakeholders and enhance the company's long-term sustainable development. Our directors' professional backgrounds cover finance, Internet, data centers, real estate and many other fields, with expertise and extensive experience in private equity, accounting and auditing, and corporate management. They uphold stringent standards and requirements for corporate governance. The international composition of our board also provides us, a company listed on both Nasdaq and Hong Kong Stock Exchange, with a more comprehensive vision on strategic decision-making.

We established four committees under our board of directors:

- an audit committee,
- a compensation committee,
- a nominating and corporate governance committee, and
- an executive committee.

In 2020, we held one general meeting of shareholders and 13 board meetings.

Internal Control

Our internal control system is built according to the latest version of the COSO Internal Control – Integrated Framework (COSO framework) released by the U.S. COSO Committee. The COSO framework is the most widely recognized model by U.S. regulatory authorities and used broadly by listed companies in the U.S. to measure the effectiveness of an organization's internal controls.

At the same time, we comply with the Enterprise Internal Control Basic Norms and Enterprise Internal Control Evaluation Guidelines issued by China's Ministry of Finance and Hong Kong Stock Exchange listing rules Appendix 14 - Code on Corporate Governance. We continuously optimize the internal control system to ensure full compliance with all regulatory and compliance requirements, while further improving our corporate governance practices and enhancing transparency.

Risk Management

Risk management provides an important guarantee for the steady operation of enterprises. Based on the COSO framework, we have established and implemented a three-tiered enterprise risk management system, including control environment, risk assessment and control activities.

THE THREE LINES OF DEFENSE FOR RISK MANAGEMENT

1st Line of defense	2nd Line of defense	3rd Line of defense
<ul style="list-style-type: none"> • Business unit 	<ul style="list-style-type: none"> • Risk management, • Internal control, • Compliance management and other functional departments 	<ul style="list-style-type: none"> • Internal audit and Audit Committee

Compliance and Anti-corruption

We adhere to applicable laws, regulations and business ethics, and require all employees to comply with high standards of integrity.

We have a zero-tolerance policy for corruption. We operate our business in the PRC, the Hong Kong Special Administrative Region of the PRC, the Macao Special Administrative Region of the PRC, Singapore, Malaysia and Indonesia and are thus subject to the laws and regulations of these jurisdictions related to anti-corruption, which prohibit bribery to government agencies, state or government owned or controlled enterprises or entities, to government officials or officials that work for state or government owned enterprises or entities, as well as bribery to non-government entities or individuals. We are also subject to the FCPA, which generally prohibits companies and any individuals or entities acting on their behalf from offering or making improper payments or providing benefits to foreign officials for the purpose of obtaining or keeping business, along with various other anti-corruption laws.

We have compliance policies in place that clearly define our compliance requirements, including business ethics, vendor access and the acceptance and provision of travel, entertainment and gifts. We have also established an Ethics Committee under the oversight of the Audit Committee to supervise matters related to FCPA compliance. Our whistle blowing policy and the related reporting mechanism provide a confidential and protected channel for reporting suspected compliance violations. Regardless of position or location, we require all of our employees to comply with our anti-corruption compliance policies and attend related trainings to embrace high standards of integrity.

Our anti-corruption policy applies to third-party agents, consultants, joint venture partners, and any other third-party representatives if or when acting on GDS' behalf. We constantly make improvements to our procurement policies and processes from a compliance perspective. We conduct due diligence on our suppliers, our business parties and the companies that we acquire. We monitor our suppliers' commitment to act with integrity.

Compliance Organization

Key measures for compliance and anti-corruption management

Administrative policies

- We have compliance policies, procedures and processes in place that clearly define compliance requirements.
- Our anti-corruption policies include the FCPA Compliance Policy, Whistle Blower Policy, Code of Business Conduct and Employee Handbook.



Training

- We provide Code of Business Conduct and anti-corruption training via an online platform and require all employees to take relevant courses every year.
- Executives and employees of key departments such as sales, procurement and customer service receive additional more customized training to enhance their awareness.



Audit

- Every two years, we engage an external third-party to audit the implementation of FCPA and other anti-corruption related policies.



Cyber Security

Ensure strict protection of data security and privacy

We have formulated cyber security management policies and guidelines, based on the ISO 27001 information security management standard, to provide a framework for the protection of our information security and all valuable information, data and intellectual property within GDS.

We have established a corporate information security committee to oversee our information security, and under the committee we have established several sub-committees to manage relevant topics.

We conduct internal and external information security audits on an annual basis. We also invite independent third-party auditors to conduct information security risk assessments on an ad hoc basis.



It is our commitment to provide the most secure and reliable data center services



Our performance

	2020 AND 1H 2021
Major cyber security incidents	0
China Classified Protection (a system to classify importance of the information, and the level of the information security protection)	Level 3
ISO 22301 Business Continuity Management System	Yes
ISO 27001 Information Security Management System	Yes
Cyber security training	100% of employees

For more information regarding the scope of these targets, see **Appendix: Key Metrics**.

THREE-LEVEL INFORMATION SECURITY MANAGEMENT STRUCTURE**1. Decision-making****2. Management****3. Execution****Our current approach****Cyber security organizational management**

We recognize the critical role of information security for ensuring high-quality data center services. Our board and senior management are deeply involved in information security management. We have established a three-level information security management structure: decision-making, management, and execution, to effectively implement information security management responsibilities. We have a three-dimensional protection system for information security, covering physical security protection, technical security protection, security management system, compliance building, and the communication of the security culture.

We monitor the latest cyber security and data privacy regulations. We take all necessary actions to ensure strict compliance.

Data privacy & intellectual property rights protection

We highly value the protection of intellectual property rights and data privacy. We promise to ensure data security of corporate and individual clients with strict standards. We updated our privacy policy and published it on our website in 2020 and 2021. The revision is made based on latest government regulation on data privacy.

Cyber security culture and awareness

We attach great importance to information security culture and employee awareness. To this end, we provide regular information security training for all employees. In 2020 and the first half of 2021, we conducted three rounds of cyber security training offline and online, covering all employees.

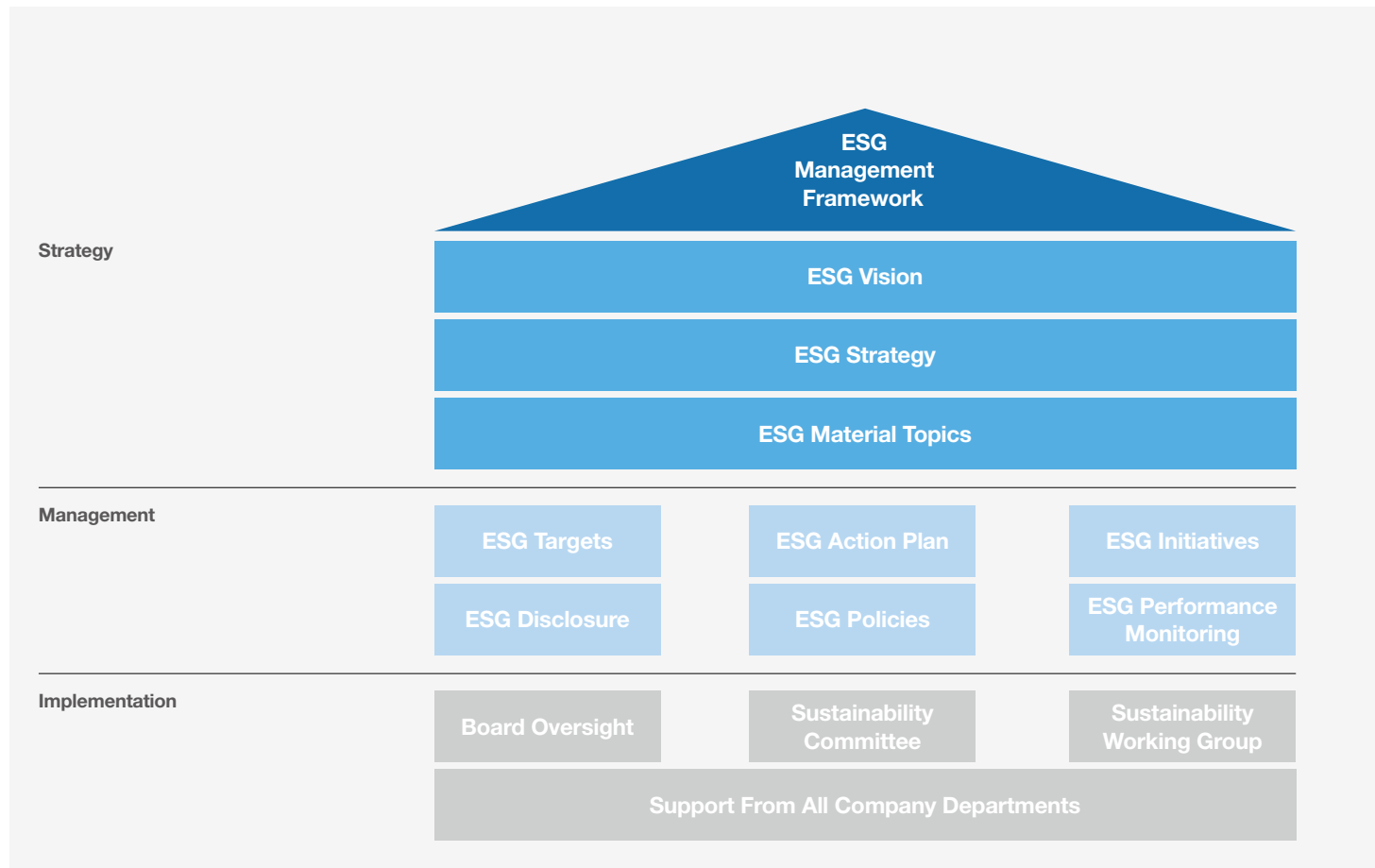
**Our annual online cyber security training
– requires 100% of employees to attend**



Oversight of ESG

Enhance sustainability through accountability

For details please see Section:
ESG Management Framework.



Our Long Term Strategy

Governance

Corporate Governance

We will continue to comply with all applicable laws and regulations, pursue industry best practices for corporate governance, and reinforce the effectiveness of board oversight.



Compliance and Anti-Corruption

We will continue to strengthen employee awareness of compliance and anti-corruption regulations and procedures, ensure that periodic audits of implementation of FCPA and other anti-corruption related policies are conducted and monitor mechanisms are appropriately instituted to verify the implementation of relevant policies.



Cyber Security

We will continuously adopt advanced technology and management systems to protect data security and privacy, and enhance employee awareness.



Oversight of ESG

We will continue to monitor and report ESG performance, and improve our sustainability management framework to manage and implement ESG policies at various levels.



Appendix

Independent Statement of Assurance



Introduction and objectives of work

BUREAU VERITAS CERTIFICATION (BEIJING) CO. LTD ("Bureau Veritas") has been engaged by GDS Holdings Limited ("GDS") to conduct an independent assurance of its 2020 Environmental, Social and Governance Report (the "Report"). This assurance statement applies to the related information included within the scope of work described below.

This information and its presentation in the Report are the sole responsibility of the management of GDS. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on the accuracy and reliability of information included, and on the underlying systems and processes used to collect, analyse and review it.

Scope of work

GDS requested Bureau Veritas to verify the accuracy and reliability of the following:

- Data and information included in the Report for the reporting period from 2020.1.1 to 2020.12.31 regarding GDS's environmental, social, and governance activities;
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported.

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period;
- Positional statements (expressions of opinion, belief, aim or future intention by GDS) and statements of future commitment;
- Operating financial data in the Report, which were separately audited by an external auditor and therefore excluded from the scope of work.

Methodology

Bureau Veritas undertook the following activities:

- Site visit to GDS Shanghai administrative headquarters located at F4/F5, Building C, Sunland International, No. 999 Zhouhai Road, Pudong, Shanghai, China.
- Interviews with relevant personnel of GDS;
- Review of documentary evidence produced by GDS;
- Evaluation of information against GRI standard principles i.e. Accuracy, Accessibility, Balance, Clarity, Comparability, Reliability and Timeliness;
- Verify sampled performance data;
- Review of GDS systems for data and information collection, aggregation, analysis and review.

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external assurance of ESG reports, based on current best practice in independent assurance. For this assignment, we have used the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information of the International Auditing and Assurance Standards Board and the Global Reporting Initiative Standards (GRI Standards) issued by the Global Sustainability Standards Board.

The work was planned and carried out to provide reasonable, rather than absolute assurance and we believe it provides a reasonable basis for our conclusion.

Our findings

On the basis of our methodology and the activities described above, it is our opinion that:

- The information and data included in the scope of our assurance are accurate, reliable and free from material mistake or misstatement;
- The information is presented in a clear, understandable and accessible manner;
- The Report provides a fair and balanced representation of activities during the assurance period described in the scope of work;
- GDS has established appropriate systems for the collection, aggregation and analysis of relevant information.

Additional commentary

Objectivity

GDS uses information systems to collect operation, HR, safety and environmental data. Through on-site verification, the evidence provided by GDS is reliable and traceable.

Materiality

GDS identified and disclosed key ESG issues and relative information according to the GRI Standards, the ESG Reporting Guide 2.0 issued by NASDAQ, and the Environmental, Social and Governance Reporting Guide issued by Hong Kong Exchanges and Clearing Limited.

Completeness

The report scope covers GDS and its consolidated subsidiaries. Its content focuses on "Business and Sustainability Context", "Environmental", "Social" and "Governance" which discloses corporate social responsibility, economic responsibility, and community responsibility information which concern GDS stakeholders.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Society responsibility and Environmental management with more than 190 years history in providing independent assurance services. No member of the assurance team has a business relationship with GDS. We have conducted this verification independently, and there has been no conflict of interest. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities.

Fanny Zou

General manager, Certification, I&F China
Bureau Veritas I&F China
2021-10-9



Key Metrics

This section provides additional details about the metrics and scoping for our key metrics.

Environmental

Renewable Energy

Our renewable energy scope includes, but is not limited to, wind, solar, and hydroelectric power consumed by our leased, owned, and B-O-T data centers and offices. It excludes our operations at third-party data centers because we do not exercise operational control at those sites. All the environmental attributes are trackable and to our knowledge, do not include double counting.

- **Renewable energy**

We determine our renewable energy by aggregating the amount of energy that we procure that is 100% renewable. This includes mechanisms such as RECs and direct purchases of green power. It excludes any renewables that are embedded in the grid.

- **Renewable percentage**

This is our renewable energy as a percentage of all the electricity that we procure, including electricity delivered to customers.

Green Design and Construction

Green buildings are our data centers which have received international or domestic green building certification, such as Leadership in Energy and Environmental Design (LEED), Open Data Center Committee (ODCC) Green Data Center Certification, Ministry of Industry and Information Technology (MIIT) Green Data Center Certification, or other equivalent green building rating systems certification.

- **Green buildings**

The number of data centers that have received green building certification.

- **Green building percentage**

The number of green buildings as a percentage of all data centers in service or newly in service.

Green Operations

Our self-developed data centers are designed to achieve high power efficiency, which is expressed conversely by a low power usage effectiveness ratio.

- **Power usage effectiveness (PUE)**

The total amount of power consumed by the data center divided by the total amount of power consumed directly by customers to operate their IT systems housed in the data center.

PUE is of particular importance to hyperscale cloud service provider and large internet customers who have the most demanding performance targets. It includes leased, owned, and B-O-T data centers with a utilization rate of 30% or more. It excludes third-party data centers.

Energy Consumption and Green House Gas Emission

Our greenhouse gas (GHG) inventory accounts for greenhouse gas emissions from electricity, diesel, and natural gas at our leased, owned and B-O-T data centers and offices. It excludes third-party data centers.

- **Scope 1 carbon emissions**

Direct GHG emissions that involve the consumption of gasoline and diesel oil, whose emission factors are taken from Guidelines for Accounting and Reporting Greenhouse Gas Emissions China Electronic Equipment Manufacturing Enterprises (Trial) and GB/T 2589-2020 General Rules for Calculation of the Comprehensive Energy Consumption; consumption of refrigerant, whose emission factors are taken from 2006 IPCC Guidelines for National Greenhouse Gas Inventories and Fifth Assessment Report of IPCC.

- **Scope 2 carbon emissions**

Indirect GHG emissions associated with the purchase of electricity; whose emission factors are taken from the average carbon dioxide emission factor of China's regional power grid in 2012.

- **Carbon intensity**

Total carbon emissions (Scope 1 + Scope 2) divided by average quarterly data center utilized net floor area.

Energy and Water Performance Metrics

- **Diesel**

The amount of diesel consumed by our leased, owned and B-O-T data center operations, and offices and cars.

- **Gasoline**

The amount of gasoline consumed by our leased, owned and B-O-T data centers, and offices and cars.

- **Power consumption**

The amount of electricity consumed by our leased, owned, B-O-T data centers, and offices. Electricity includes grid supply and excludes self-generated supply.

We track the total water withdrawn by our facilities, regardless of whether the water goes toward cooling, facility maintenance, or domestic water uses. This is a helpful metric because it indicates the total impact we have on potable water supplies in the regions where we operate. The limitation of this metric is that it does not distinguish between withdrawal, where we return water to the local treatment works and consumption (such as evaporating water for cooling or landscaping) where the water is put beyond use of the watershed (such as industrial wastewater or sewage).

- **Water consumption**

The amount of water that our data centers operations consume. We include only the water consumption of operations at our leased, owned and B-O-T data centers. We exclude third-party data centers as we do not exercise full operational control at those sites. We exclude water consumption at individual offices where water is charged through fixed rental costs and not billed separately. We believe our office water consumption is minimal as compared to our data centers.

- **Water usage effectiveness (WUE)**

This is the amount of water that our data centers consume in liters (L) as a percentage of total IT equipment electricity consumption.

Social

Customer Service Metrics

- **Customer satisfaction score**
Every year we engage a third party to conduct customer satisfaction survey and the score is the overall result of the survey. The higher the better.
- **Uptime Stamp of Approval**
The number of data centers that have obtained Uptime M&O Stamp of Approval.
- **Uptime M&O Stamp of Approval of a Region**
The number of regions that have been awarded Uptime Stamp of Approval of a Region.

Employees Metrics

- **Number of employees**
The total number of full-time employees at year-end.
- **Employee turnover**
The number of full-time employees who have left the company (including voluntary resignations, dismissals, retirements, etc.), divided by monthly average number of full-time employees.

- **Total recordable incident rate**
The number of recordable incident (medical treatment and above) divided by total working hour and multiplied by 200,000 hours.
- **Average training hours**
The number of total training hour received by full-time employee divided by monthly average number of full-time employees.
- **Percentage of female employees**
The number of total full-time female employees divided by the number of total full-time employees in the year end.
- **Percentage of suppliers who participate in GDS ESG initiatives**
The percentage of suppliers who have signed contracts with GDS and are involved in our ESG initiatives since the initiatives were launched.

Governance

Corporate Governance Metrics

- **Independent audit committee**
Whether all members of the audit committee are independent.
- **Audit of implementation of the FCPA and other anti-corruption related policies**
The frequency of audits to verify compliance with our FCPA and other anti-corruption related policies. It is currently is conducted by external third party.

Cyber Security Metrics

- **Major cyber security incidents**
The number of cyber security incidents that will significantly affect company business operation.

GRI STANDARDS	HKEX ESG REPORTING GUIDE	NASDAQ ESG REPORTING GUIDE 2.0	DISCLOSURE TITLE	ANSWER/ LOCATION
1. ORGANIZATIONAL PROFILE				
102-1			Name of the organization	GDS Holdings Limited
102-2			Activities, brands, products and services	P4 – 6 and Refer to our annual report on form 20-F for the year ending December 31, 2020 (2020 20-F)
102-3			Location of headquarters	
102-4			Location of operations	
102-5			Ownership and legal form	
102-6			Markets served	
102-7			Scale of the organization	
102-8	B1 B4	S2 S3 S4 S5	Information on employees and other workers	P34 – 39
102-9	B5	G5	Supply chain	P40
102-10			Significant changes to the organization and its supply chain	P40 and refer to our 2020 20-F
102-11			Precautionary principle or approach	Refer to our 2020 20-F
102-12			External initiatives	
102-13			Membership of associations	
2. STRATEGY				
102-14			Statement from senior decision-maker	P2
102-15			Key impacts, risks and opportunities	Refer to our 2020 20-F
3. ETHICS AND INTEGRITY				
102-16			Values, principles, standards and behavioral norms	P12, P45 – 47
102-17			Mechanisms for advice and ethics concerns	P45 – 47

GRI STANDARDS	HKEX ESG REPORTING GUIDE	NASDAQ ESG REPORTING GUIDE 2.0	DISCLOSURE TITLE	ANSWER/ LOCATION
4. GOVERNANCE				
102-18		E8 E9 G1 G2	Governance structure	Refer to our 2020 20-F
102-20			Executive-level responsibility for economic, environmental and social topics	P15
102-21			Consulting stakeholders on economic, environmental and social topics	P8 – 11
102-31			Review of economic, environmental and social topics	P8 – 11
102-32			Highest governance body's role in sustainability reporting	P15
5. STAKEHOLDER ENGAGEMENT				
102-43			Approach to stakeholder engagement	P8 – 11
6. REPORTING PRACTICE				
102-45		G8 G9 G10	Entities included in the consolidated financial statements	Refer to our 2020 20-F
102-46			Defining report content and topic boundaries	P1
102-47			List of material topics	P8 – 11
102-48			Restatements of information	N/A
102-49			Changes in reporting	N/A
102-50			Reporting period	P1
102-51			Date of most recent report	N/A
102-52			Reporting cycle	P1
102-53			Contact point for questions regarding the report	P1
102-54			Claims of reporting in accordance with GRI Standards	P1

GRI STANDARDS	HKEX ESG REPORTING GUIDE	NASDAQ ESG REPORTING GUIDE 2.0	DISCLOSURE TITLE	ANSWER/ LOCATION
6. REPORTING PRACTICE				
102-55		G8 G9 G10	GRI content index	P58 – 60
102-56			External assurance	P53 – 54
GRI 201 ECONOMIC PERFORMANCE				
103			Management approach	Refer to our 2020 20-F
201-1			Direct economic value generated and distributed	
201-2	A4.1	E10	Financial implications and other risks and opportunities due to climate change	
GRI 202 MARKET PRESENCE				
103			Management approach	Refer to our 2020 20-F
201-2			Proportion of senior management hired from local community	
GRI 203 INDIRECT ECONOMIC IMPACTS				
203-1			Infrastructure investments and services supported	Refer to our 2020 20-F
GRI 204 PROCUREMENT PRACTICES				
103	B5 B5.2 B5.3 B5.4	G5	Management approach	P40
204-1	B5.1		Proportion of local suppliers	N/A
GRI 205 ANTI-CORRUPTION				
103	B7 B7.2	G6	Management Approach	P47
205-2	B7.3		Communication and training about anti-corruption policies and procedures	P40

GRI STANDARDS	HKEX ESG REPORTING GUIDE	NASDAQ ESG REPORTING GUIDE 2.0	DISCLOSURE TITLE	ANSWER/ LOCATION
GRI 205 ANTI-CORRUPTION				
205-3	B7.1		Confirmed incidents of corruption and actions taken	N/A
GRI 302 ENERGY				
103	A2 A2.3	E7	Management approach	P20 – 28
302-1	A2.1	E3 E5	Energy consumption within the organization	P26
302-3	A2.1	E4	Energy intensity	N/A
302-4	A2.3		Reduction of energy consumption	P20 – 28
GRI 303 WATER AND EFFLUENTS				
103	A2 A2.4		Management approach	P26 – 28
303-3	A2.2	E6	Water consumption	P26
GRI 305 EMISSIONS				
103	A1 A1.1 A1.5	E7	Management approach	P20 – 28
305-1	A1.2	E1	Direct (Scope 1) GHG emissions	P26
305-2	A1.2	E1	Energy indirect (Scope 2) GHG emissions	P26
305-4	A1.2	E2	GHG emissions intensity	P26
GRI 306 WASTE				
103	A1 A1.6		Management approach	P25
306 - 4	A1.3 A1.4		Waste diverted from disposal	N/A

GRI STANDARDS	HKEX ESG REPORTING GUIDE	NASDAQ ESG REPORTING GUIDE 2.0	DISCLOSURE TITLE	ANSWER/ LOCATION
GRI 307 ENVIRONMENTAL COMPLIANCE				
307-1	A3.1		Non-compliance with environmental laws and regulations	N/A
GRI 401 EMPLOYMENT				
103	B1	S3 S5	Management approach	P34 – 39
401-1	B1.1 B1.2	S3	New employee hires and employee turnover	P34
GRI 402 LABOR/ MANAGEMENT RELATIONS				
103			Management approach	P34 – 39
GRI 403 OCCUPATIONAL HEALTH AND SAFETY				
103	B2 B2.3	S8	Management approach	P35 – 36
403-9	B2.1 B2.2	S7	Work-related injuries	P34
GRI 404 TRAINING AND EDUCATION				
103	B3		Management approach	P34 – 39
404-1	B3.2		Average hours of training per year per employee per year	P34
103	B3		Programs for upgrading employee skills and transition assistance programs	P38 - 39
103	B3.1		Percentage of employees receiving regular performance and career development reviews	P34
GRI 405 DIVERSITY AND EQUAL OPPORTUNITY				
103			Management Approach	P35 – 36
405-1	B7.3	S2	Diversity of governance bodies and employees	P34, P45

GRI STANDARDS	HKEX ESG REPORTING GUIDE	NASDAQ ESG REPORTING GUIDE 2.0	DISCLOSURE TITLE	ANSWER/ LOCATION
GRI 405 DIVERSITY AND EQUAL OPPORTUNITY				
405-2		S2	Ratio of basic salary and remuneration of women to men	N/A
GRI 406 NONDISCRIMINATION				
103		S6	Management approach	P36
406-1			Incidents of discrimination and corrective actions taken	N/A
GRI 413 LOCAL COMMUNITIES				
103	B8		Management approach	P41
413-1	B8.1 B8.2		Operations with local community engagement, impact assessments, and development programs	P41
GRI 417 MARKET AND LABELING				
103	B6 B6.2		Management approach	P31 – 33
417-1			Requirements for product and service information and labeling	P31 – 33
GRI 418 CUSTOMER PRIVACY				
103	B6.5	G7	Management approach	P48 – 49
418-1			Substantiated complaints concerning breaches of customer privacy and losses of customer data	P48
GRI 419 SOCIOECONOMIC COMPLIANCE				
103			Management approach	P47 and refer to our 2020 20-F
419-1			Non-compliance with laws and regulations in the social and economic area	N/A

DISCLAIMER

This report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to" or other similar expressions. Such statements are based upon management's current expectations and current market and operating conditions, and relate to events that involve known or unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond the Company's control, which may cause the Company's actual results, performance or achievements to differ materially from those in the forward-looking statements. Further information regarding these and other risks, uncertainties or factors is included in the Company's filings with the U.S. Securities and Exchange Commission. The Company does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under law.