Introduction

Company

Aligned Energy Holdings, LP\(^1\) ("the Company", "we", "us") is an infrastructure technology company that offers innovative, sustainable and adaptable colocation and build-to-scale

\(^1\) Applicable subsidiaries include: Aligned Data Centers, LLC, Aligned Data Centers REIT, LLC, ADC Holdco, LLC, ADC Guarantor, LLC, Aligned Data Centers Issuer, LLC, Aligned Energy Data Centers
solutions for cloud, enterprise, and managed service providers. Our intelligent infrastructure allows densification and vertical growth within the same footprint, enabling customers to scale up without disruption, all while maintaining industry-leading Power Usage Effectiveness (PUE). By reducing the energy, water and space needed to operate, our data center solutions, combined with our patented cooling technology, offer businesses a competitive advantage by improving sustainability, reliability and their bottom line.

**Sustainability at Aligned**

Aligned has been committed to solving the world’s toughest sustainability challenges associated with data center infrastructure, energy consumption and water usage since our inception. Our adaptive data center platform is focused on helping companies deliver greater business value with less costly energy and infrastructure resources. Sustainability is, and will always be, at the core of what we do.

To us, being a sustainable data center operation far exceeds purchasing renewable energy certificates. It’s about committing to sustainable practices and principles across every facet of our organization: from the partners we choose to work with, to the way we structure our supply chain, to the way we approach design, construct, fit-out and operate our adaptive data centers.

**Driving Greenhouse gas emission reductions**

We have identified energy management as one of the most material environmental topics to our business and our stakeholders, particularly in our efforts to decarbonize. We believe that advanced technologies are essential to improve the energy performance of our own company, and behalf of customers that use our data center services. We have developed and patented innovative systems to increase energy performance and reduce water consumption at our sites.

For example, our patented and award-winning Delta Cube (Delta³) cooling technology captures and removes heat at its source, resulting in a hyper-scalable and ultra-efficient environment that dynamically adapts to IT loads. This system requires less energy, less water and requires up to 40% lower infrastructure costs than conventional cooling technologies, which operate by blowing cool air into the space.

(SLC) Propco, LLC, Aligned Data Centers (DFW) Propco, LLC, Aligned Energy Data Centers (Ashburn) Propco, LLC, Aligned Data Centers (Phoenix) Propco, LLC, Aligned Data Centers (WVC) Propco, LLC, Aligned Energy Data Centers (IAD) Propco, LLC, and Aligned Data Centers (ORD) Propco, LLC.
We also have a role to play in reducing the carbon intensity of the energy consumed, both to reduce our greenhouse gas emissions (GHG) and that of our customers’. As part of our commitment under the Renewable Energy Buyers Alliance (REBA), we currently match 100% of our load with renewable sources. We do this by partnering with various public utilities across the US.

**Sustainability Goals**

We believe that sustainability isn’t a perk, it is a competitive advantage for data center operators. With this strategic mindset, we have created a number of sustainability goals to drive our sustainability performance even further, including:

- Matching 100% of our annual energy consumption to zero-carbon renewable energy
- Ensuring transparency across all sustainability best practices & reporting
- Reporting on and maintaining an industry-leading Total Recordable Incident Rate (TRIR)
- Using renewable, recyclable and low- to zero-VOC materials across all our data centers
- Employing sustainability and environmental consciousness as key metrics for our supplier selection and supply chain processes
- Reducing our overall energy and water consumption
- Helping customers and partners deliver greater business value with less costly energy and infrastructure resources
- Creating a safe and environmentally-friendly working environment for customers, partners and staff
- Identifying a path to net zero emissions across our portfolio

**Sustainable Finance**

To ensure transparency and accountability in meeting our long-term sustainability goals, we have partnered with ING to create the world’s first sustainability-linked loan for a data center operator. The innovative financing mechanism, which is aligned to the Sustainability-Linked Loan Principles, centers on three sustainability performance targets that tie our cost of borrowing to our sustainability performance, in step with our sustainability goals.

1. *Sustainability Reporting:* Transparency regarding sustainability best practices & reporting
2. *Renewable Energy:* A commitment to match 100% of our annual energy consumption to zero-carbon renewable energy
3. Workplace Safety: Reporting on and having an industry-leading Total Recordable Incident Rate (TRIR)

Sustainability Partners and Recognition

We believe that partnership and collaboration are key in driving sustainability across our entire industry. We have partnered with initiatives like REBA and the Future of Internet Power to share our experience in sustainability measures and maintain market leadership. Our sustainability efforts have also been recognized through numerous awards, including the ‘Best Green Initiative’ at the Commercial Property Executive’s 2020 Distinguished Achievement Awards. A more comprehensive list of awards is provided in the Appendix.

Green Finance Framework

Introduction

This Framework may be used to govern the issuance of Green Finance Instruments, 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 2021), as follows:

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

Use of Proceeds

Any Green Finance Instruments issued under this Framework are expected to support the financing or refinancing, in whole or in part, of Eligible Green Assets with clear environmental benefits. An amount equal to 100% of net proceeds raised will be allocated to a portfolio of green investments that meet the eligibility criteria set out in Table 2.

Table 1: Eligibility Criteria for Green Assets
Green Category | Eligibility Criteria | United Nations Sustainable Development Goal (SDG)
---|---|---
Energy Efficiency | Investments in data center infrastructure that target the following power usage effectiveness (PUE) requirements:  
- PUE of 1.35 or below for data centers infrastructure that uses water-based cooling technologies  
- PUE of 1.45 or below for data center infrastructure that uses water-free cooling technologies | SDG 9: Industry, Innovation and Infrastructure  
SDG 7: Clean and Sustainable Energy

### Process for Project Evaluation and Selection

Aligned’s cross-functional Sustainability Committee will assess the eligibility of assets to be financed or refinanced from green bonds or green loans under the Eligibility Criteria set out in Table 1. The committee combines leaders from all corporate divisions (Customer Experience, Design & Construction, Operations, Innovation and Technology, Finance, Audit and Compliance, and Branding), who integrate sustainability and business initiatives to help Aligned and its customers reach sustainability goals.

The Eligibility Criteria set out in Table 1 outlines the target PUE for both water-based and water-free cooling data center infrastructure. Water-free cooling solutions may result in a higher average PUE, but are designed to reduce water consumption as well as optimize energy performance. This technology is particularly important for data centers in water-scarce regions, where water availability may be a material economic and environmental factor.

Additionally, Aligned undertakes comprehensive environmental and social risk assessment of assets to identify, analyze, evaluate and treat material issues related to projects to minimize any adverse impacts of data center operations.

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2 PUE is determined by the design annual average PUE calculated by Aligned’s engineers during the design and construction of new data center infrastructure.
Management of Proceeds

Using an internal accounting process, the Sustainability Committee intends to track net outstanding proceeds from Green Finance Instruments, and to allocate proceeds to Eligible Green Assets in accordance with the project selection criteria. Aligned will consider proceeds fully allocated to Green Assets when the appraised value of Eligible Green Assets exceeds the total quantum of net outstanding proceeds from Green Finance Instruments. The Company intends to allocate an amount equal to net outstanding proceeds to Eligible Green Projects within 24 months of any issuance.

The Sustainability Committee intend to monitor the portfolio of Eligible Green Assets on a regular basis, both to ensure that the value of Eligible Green Assets remains equal to or greater than the total net outstanding green proceeds, and to ensure that the assets in the portfolio continue to meet the Eligible Criteria set out in Table 1.

If the Committee finds that any assets no longer meet the Eligibility Requirements, they will be removed from the portfolio of Eligible Green Assets. If the total value of Green Assets falls below the total sum of net outstanding green proceeds, Aligned may temporarily use unallocated net green proceeds in accordance with Aligned’s general liquidity measures until re-allocation to Eligible Green Assets. Aligned intends to re-allocate any proceeds within 24 months, and to report on the balance on any unallocated proceeds as part of the commitment to reporting. Aligned will not apply a look-back period to Eligible Green Assets.

Reporting

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

Allocation Reporting

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

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

Where feasible, Aligned intend to report on the impact of the green financing program, including:

- A description of each Eligible Green Asset in the portfolio
- Metrics regarding the positive environmental impact of the portfolio of Eligible Green Assets, as outlined in Table 2

Aligned intends to align the reporting with the portfolio approach described in “The Green Bond Principles - Harmonized Framework for Impact Reporting” (ICMA, April 2020).

**Table 2: Examples of impact reporting metrics**

<table>
<thead>
<tr>
<th>Green Category</th>
<th>Examples of metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Efficiency</td>
<td>- Average PUE of Eligible Green Assets</td>
</tr>
<tr>
<td></td>
<td>- Potential GHG savings from ultra-efficient data center infrastructure</td>
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<tr>
<td></td>
<td>- Gallons of water saved from cooling solutions</td>
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</tbody>
</table>

**Verification**

**Second Party Opinion**

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

**Assurance**

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

✓ Best Green Initiative, 2020 Distinguished Achievement Awards, Commercial Property Executive
✓ 2020 Sustainability Winner, Sustainability Leadership Awards, Business Intelligence Group
✓ 2020 Green Lease Leader
✓ 2020 Data Center Energy Efficiency Project of the Year, Arizona Data Center Awards
✓ The World’s Number 5 Most Innovative Company in Energy, Fast Company