



Green Securitized Notes

Allocation and Impact Report



aligneddc.com

Sustainability at Aligned

Aligned Data Centers is a leading technology infrastructure company offering innovative, sustainable, and adaptive Scale Data Centers and Build-to-Scale solutions for global hyperscale and enterprise customers. Sustainability is, and will always be, at the core of what we do.

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. Our patented and award-winning cooling technology, the Delta Cube (Delta³), requires significantly less energy and water compared to conventional data center cooling technologies. It can also be combined with a state-of-the-art waterless heat rejection system, preserving local water resources.

To us, being a sustainable data center operation is 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, construction, fit-out and operation of our data centers.

In this spirit, we set a number of sustainability goals to drive our performance, including:

- Matching 100% of our annual energy consumption to zero-carbon renewable energy
- Reducing our overall energy and water consumption and implementing a waterless design standard across all new data center builds
- Partnering with our customers on a path to net zero emissions across our portfolio
- 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
- Creating a safe and environmentally friendly space for customers, partners, and staff
- Ensuring transparency across all sustainability best practices and reporting

More information on the sustainability strategy and practices of Aligned can be found at: [Sustainability | Aligned](#)

Aligned Sustainable Finance Framework

Aligned Green Finance Framework (the "Framework") follows [the Green Bond Principles \(GBP\) 2021](#) and [the Green Loan Principles \(GLP\) 2021](#).

All proceeds from green finance instruments issued under this Framework ("Green Financing") will be allocated to finance or refinance green investments, which are defined, selected, tracked, and reported on in accordance with the Framework ("Eligible Green Assets").

Under the Framework, Aligned has defined the Eligible Green Assets as investments in data center infrastructure that target the following PUE requirements:

- PUE of 1.35 or below for data center infrastructure that uses water-based cooling technologies
- PUE of 1.45 or below for data center infrastructure that uses water-free cooling technologies

The Eligible Green Assets fall under the Energy Efficiency category as defined in the GBP and GLP.

Sustainalytics issued a Second Party Opinion which confirms that the Framework aligns with the GBP and GLP and with market practices.

Please refer to the [Aligned Green Finance Framework](#) and [Second Party Opinion \(Sustainalytics\)](#) for more information.



Aligned **Sustainability**

Management Assertion

The Aligned Sustainability Committee asserts that the net proceeds of the securitized notes Series 2021-1 issued in August 2021, in the total amount of US\$1,350 million (“Green Securitized Notes”), including (i) \$150 million Class A-1 Variable Funding Notes, (ii) US\$1,050 million Class A-2 Term Notes, and (iii) \$150 million Class B Term Notes, were fully allocated in accordance with the use of proceeds requirements in the Aligned Green Finance Framework.

Net Proceeds Allocation

100% of the proceeds from the Green Securitized Notes were used by Aligned to refinance the Eligible Green Assets. The table on the right shows an overview of the Green Eligible Projects to which the allocation was made.

Campus	Cooling Technology	Design PUE
Phoenix, AZ	Water-based	1.35
Ashburn, VA	Water-based	1.35
Salt Lake City, UT	Water-based	1.35
Dallas, TX	Water-based	1.35
Weighted Average		1.35

Impact Metrics and Equivalencies

Impact metrics estimate the environmental result associated with the allocation of Green Securitized Notes proceeds. The selected metrics and methodology have been informed by The Green Bond Principles Harmonized Framework for Impact Reporting (ICMA, April 2020/June 2022). The impact metrics below illustrate the environmental performance of the four “Eligible Green Projects” outlined above that received an allocation of the net proceeds from the Green Securitized Notes.

Environmental Impact Metrics	Total Estimated Savings (ANNUAL)
Energy savings due to low design PUEs ¹	72,160 MWh
Scope 2 greenhouse gas emissions avoided due to low design PUE ¹	28,102 mtCO ₂ e
Scope 2 greenhouse gas emissions avoided due to 100% of energy consumption matched with renewable energy sources ²	51,386 mtCO ₂ e

The annual total greenhouse gas emissions avoided from the eligible assets included in the allocation are estimated to be equivalent to removing approximately 17,127 gasoline-powered passenger vehicles from the road for one year. The annual energy savings based on low design PUE of the eligible assets included in the allocation are estimated to be equivalent to 6,442 average US homes’ energy use for one year.³

Annual total of greenhouse gas emissions avoided is equivalent to:



17,127

gasoline-powered passenger vehicles for one year

Annual energy savings based on low design PUE is equivalent to:



6,442

average US homes’ energy use for one year

¹ Davis, J., Donnellan, D., Simon, L., Smolaks, M., Lawrence, A., and Bizo, D. (2022, September 14). Uptime Institute Global Data Center Survey Results 2022. Uptime Institute. Retrieved October 18, 2022, from <https://uptimeinstitute.com/resources/research-and-reports/uptime-institute-global-data-center-survey-results-2022>

² Comparing the greenhouse gas emissions calculated using the market-based approach with and without credit for the purchase of renewable energy sources.

³ Environmental Protection Agency. (2022, March). Greenhouse Gas Equivalencies Calculator. EPA. Retrieved October 18, 2022, from <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator#results>

Sustainable Design and Technology

Sustainable Cooling Technology

Aligned's Delta Cube™ (Delta³) cooling system is purpose-built for the data center. Delta³ arrays capture and remove heat, rather than pushing cold air into the data hall. This, along with hot aisle containment, absorbs heat at its source, supporting standard, high, or mixed power densities, allowing clients to scale vertically and horizontally up to 50 kW per cabinet without stranding capacity.

Green Design and Construction Principles

Aligned's vendor managed inventory (VMI) program comprises a rolling pool of dedicated inventory, combined with factory-based construction of mechanical and electrical plant modular containers, which are then deployed and delivered on site.

The ability to deploy our mechanical and electrical systems in small increments, and only when additional capacity is needed, contributes to sustainability by not stranding resources that aren't being utilized. This provides for responsible use of limited resources and reduces our customers' carbon footprint.

Accurate and Efficient Digital Carbon Tracking

Aligned is one of the first data center providers to offer transparent and accurate data of their carbon footprint via nZero, a 24/7 carbon tracking platform that measures energy, emissions, and utility information. The technology allows Aligned and its customers to better inform their sustainability strategies and greenhouse gas emissions reduction goals.

Advanced ESG Strategy

Aligned recently announced the integration of OriginMark™, an enhanced material traceability system, across its data center portfolio to accelerate supply chain decarbonization and circular asset management. Further bolstering the Aligned Insight platform and advancing its environmental, social, and governance (ESG) strategy, the technology will provide Aligned and its customers a more transparent and granular view of their embodied carbon footprint by tracing the complete lifecycle of data center equipment and devices as well as identifying material recovery and recycling options.

Sustainability Awards

Aligned is honored to have received several awards in recognition of our adaptive and efficient data center platform, our innovative technology, and environmental stewardship:

- 2022 Sustainability Leadership Award from the Business Intelligence Group
- 2022 Asset-Backed/Asset-Based Green Bond of the Year award by Environmental Finance
- 2022 Environmental Leadership of the Year Award at Reuter's Responsible Business Awards
- 2022 Planet Friendly Finance Award by The Tech Capital
- 2021 Sustainability-linked Loan of the Year by Environmental Finance Business Intelligence Group
- 2021 Data Center Sustainable Champion Award from Northern Virginia Technology Council (Aligned CEO, Andrew Schaap)
- 2020 Sustainability Leadership Award by Business Intelligence Group
- 2020 Technology for Good Award by Global Good Awards
- 2020 Silver Green Lease Leader from the Institute for Market Transformation and the Better Buildings Alliance
- 2016 Data Center Energy Efficiency Project of the Year from the Global Data Center Alliance for Phoenix, AZ Data Center.
- 2016 Edison Bronze Award for technological energy advancements through its highly optimized data center heat removal cycle



Aligned Energy Holdings, LP

Type of Engagement: Annual Review

Date: January 16, 2023

Engagement Team:

Flora Mile, flora.mile@sustainalytics.com, (+31) 20 205 0087

Anchal Verma, anchal.verma@sustainalytics.com

Introduction

In 2021, Aligned Energy Holdings, LP (“Aligned” or the “Issuer”) issued green securitized notes (the “Series 2021-1 Notes”) under the Aligned Green Finance Framework¹ (the “Framework”) aimed at financing or refinancing data centre infrastructure in the US. Sustainalytics provided a Second-Party Opinion on the Framework in July 2021.² In December 2022, Aligned engaged Sustainalytics to review the projects funded with proceeds from the Series 2021-1 Notes and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the Series 2021-1 Notes based on whether the projects and programmes:

1. Met the use of proceeds and eligibility criteria outlined in the Framework; and
2. Reported on at least one of the key performance indicators (KPIs) for each use of proceeds category outlined in the Framework.

Table 1: Use of Proceeds Category, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Energy Efficiency	Investments in data center infrastructure that target the following power usage effectiveness (PUE) requirements: <ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Average PUE of Eligible Green Assets • Potential GHG savings from ultra-efficient data center infrastructure • Gallons of water saved from cooling solutions

Issuer’s Responsibility

Aligned is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of use of proceeds from Aligned’s green securitized notes. The work undertaken as part of this engagement included collection

¹ Aligned, “Aligned Green Finance Framework”, (2021), at: <https://www.aligneddc.com/static/8c8bfadbbeeb9daeb704b455aeade411/Aligned-Green-Finance-Framework-Draft-v7-1.pdf>

² Aligned, “Aligned Green Finance Framework Second-Party Opinion”, (2021), at: <https://www.aligneddc.com/static/0278e1330c7f44510ed25b902de6147b/Aligned-Green-Finance-Framework-Second-Party-Opinion.pdf>

of documentation from Aligned and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Aligned. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Aligned.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,³ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Aligned Green Finance Framework. Aligned has disclosed to Sustainalytics that the proceeds of the Series 2021-1 Notes were fully allocated as of December 2022.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded with proceeds from the Series 2021-1 Notes to determine if projects aligned with the use of proceeds criteria outlined in the Framework and above in Table 1.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded with proceeds from the Series 2021-1 Notes to determine if impact of projects was reported in line with the KPIs outlined in the Framework and above in Table 1. For a list of KPIs reported, please refer to Appendix 1.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

³ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, estimated and realized costs of projects, and project impact, as provided by the Issuer, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation Reporting

Net proceeds of the Series 2021-1 Notes were allocated to refinancing water-based data centres in Phoenix, AZ, Ashburn, VA, Salt Lake City, UT, and Dallas, TX with an average design PUE of 1.35.

Series 2021-1 Notes	Allocation Amounts (USD - Million)
Class A-1 Variable Funding Notes	150
Class A-2 Term Notes	1050
Class B Term Notes	150
Total	1,350

Appendix 2: Impact Reporting by Eligibility Criteria

Environmental Impact Metrics	KPI Values	
	Design PUE	Total Estimated Savings (Annual)
Weighted Average PUE	1.35	
Energy Savings due to low-design PUEs		72,160 MWh
Scope 2 greenhouse gas emissions avoided due to low design PUE		28,102 mtCO ₂ e

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These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

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