



# Second-Party Opinion

## Aligned Green Finance Framework

### Evaluation Summary

Sustainalytics is of the opinion that the Aligned Green Finance Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds – Energy Efficiency – is aligned with those recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.



**PROJECT EVALUATION / SELECTION** The eligible projects for financing or refinancing will be selected by Aligned's Sustainability Committee which is comprised of leaders from various corporate divisions such as Customer Experience, Design & Construction, Operations, Innovation and Technology, Finance, Audit and Compliance, and Branding. Aligned intends to undertake environmental and social risk assessments for all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be strong and the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** The Sustainability Committee will use internal accounting processes to track the eligible asset portfolio and is responsible for ensuring that the assets continue to meet the eligibility criteria. Aligned intends to allocate all proceeds within 24 months of the issuance. Pending allocation, the proceeds may be temporarily used in accordance with Aligned's general liquidity measures. Sustainalytics views this to be in line with market practice.



**REPORTING** Aligned intends to report on allocation of proceeds on its website on an annual basis until full allocation. In addition, Aligned is committed to reporting on relevant impact metrics. Sustainalytics views Aligned's allocation and impact reporting as aligned with market practice.

<b>Evaluation Date</b>	July 26, 2021
<b>Issuer Location</b>	Plano, Texas, USA

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## Introduction

Aligned Energy Holdings, LP (“Aligned”, or the “Company”) is an infrastructure technology company that offers data center solutions to cloud, enterprise and managed information technology (IT) service providers. The Company offers colocation, build-to-scale solutions, and pay-for-use data center for its clients. Founded in 2013, Aligned is headquartered in Plano, Texas and has about 100 employees as of September 2021.

Aligned has developed the Aligned Green Finance Framework (the “Framework”) under which it intends to issue green bonds, including green asset-backed securities (“ABS”) and green tranches of ABS (collectively referred to as “Green Finance Instruments”) and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that reduce data center energy consumption. The Framework defines eligibility criteria in one area:

1. Energy Efficiency

Aligned engaged Sustainalytics to review the Aligned Green Finance Framework, dated July 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)<sup>1</sup> and Green Loan Principles 2021 (GLP).<sup>2</sup> This Framework will be published in a separate document.<sup>3</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>4</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021, as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.9.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Aligned’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Aligned representatives have confirmed (1) they understand it is the sole responsibility of Aligned to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Aligned.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market

<sup>1</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>2</sup> The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

<sup>3</sup> The Aligned Green Bond Framework is available on Aligned’s website at: [www.alignedenergy.com/sustainability/greenfinance](http://www.alignedenergy.com/sustainability/greenfinance)

<sup>4</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Aligned has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Aligned Green Finance Framework

Sustainalytics is of the opinion that the Aligned Green Finance Framework is credible and impactful, and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of Aligned's Green Finance Framework:

- Use of Proceeds:
  - The eligible category, Energy Efficiency, is aligned with those recognized by the GBP.
  - Aligned intends to finance the development of data center infrastructure that target: (i) a Power Usage Effectiveness ("PUE") of 1.35 or below for data center infrastructure that uses water-based cooling technologies; and (ii) a PUE of 1.45 or below for those using water-free cooling technologies. Aligned has confirmed that PUE is determined by the design annual average PUE calculated during the design and construction of new data center infrastructure. Sustainalytics views this as aligned with market practice and encourages Aligned to report on the 12-month trailing average PUE.
- Project Evaluation and Selection:
  - The eligible projects for financing or refinancing will be selected by Aligned's Sustainability Committee. The Sustainability Committee is comprised of leaders from various corporate divisions such as Customer Experience, Design & Construction, Operations, Innovation and Technology, Finance, Audit and Compliance, and Branding.
  - Aligned has confirmed within the framework that it undertakes environmental and social risks assessments for all allocation decisions made under the Framework. Aligned has further disclosed its detailed risk management policy confidentially with Sustainalytics. Sustainalytics considers these environmental and social risk management systems to be strong and aligned with market best practice. For additional details see Section 2.
  - Based on clear allocation of responsibility and presence of a risk management process, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - The Sustainability Committee will use internal accounting processes to track the eligible asset portfolio and is responsible for ensuring that the assets continue to meet the eligibility criteria. Aligned intends to allocate all proceeds within 24 months of the issuance. Aligned considers the proceeds fully allocated when the appraised value of the eligible green projects exceeds the total net outstanding proceeds from the green finance instruments. Pending allocation, the proceeds may be temporarily used in accordance with Aligned's general liquidity measures.
  - Based on the timeline for full allocation, internal tracking systems and the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - Aligned has committed to providing allocation and impact reporting on its website within 12 months of the issuance and update annually until full allocation.
  - Allocation reporting will include the total allocation of proceeds, the balance of unallocated proceeds and the share of financing to refinancing.

- For impact reporting, Aligned intends to provide a description of each eligible green asset and associated metrics which capture environmental benefits such as average PUE of eligible green assets, potential GHG savings from ultra-efficient data center infrastructure and gallons of water saved from cooling solutions.
- Based on the commitment for allocation and impact reporting on an annual basis, Sustainalytics considers this process to be in line with market practice.

### **Alignment with Green Bond Principles 2021 and Green Loan Principles 2021**

Sustainalytics has determined that the Aligned Green Finance Framework 2021 aligns to the four core components of the GBP and the GLP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

## **Section 2: Sustainability Performance of Aligned**

### **Contribution of framework to Aligned's sustainability strategy**

Given its overarching goal of solving "sustainability challenges associated with data center infrastructure, energy consumption and water usage",<sup>5</sup> Sustainalytics is of the opinion that Aligned is committed to integrating sustainability considerations within its overall business operations. Furthermore, Sustainalytics expects that the Company's investments in data center infrastructure with to market best practice PUE levels will directly support the Company's ongoing sustainability efforts. Aligned has set several quantitative and qualitative environmental goals in order to drive its sustainability performance.<sup>6</sup>

As part of its pathway to achieving net-zero emissions across its portfolio, in 2020, Aligned committed to matching 100% of its annual energy consumption to zero-carbon renewable energy by 2024 by partnering with public utilities across the U.S. In addition, the Company only uses renewable, recyclable, and low-to-zero-VOC (Volatile Organic Compound) materials across all of its data centers. Regarding its work with third parties, Aligned evaluates the sustainability and environmental metrics for its supplier selection and supply chain processes.

To track its progress against these goals, Aligned conducts annual reporting in line with the Global ESG Benchmark for Real Assets (GRESB) Infrastructure materiality assessment framework.<sup>7</sup> The Company most recently submitted reporting to GRESB in June 2021, measuring its performance in the following environmental areas which have been identified as having either high or medium relevance to its operations: (i) Biodiversity and habitat, (ii) Energy, (iii) Greenhouse Gas Emissions, (iv) Noise Pollution, and (v) Water.<sup>8</sup> Given the nature of its business, Aligned views energy management to be one of its most material environmental considerations. In order to improve its energy performance, the Company has invested in cooling technology that captures and removes heat at its source, rather than pushing cold air into the data hall.<sup>9</sup> The Company's Delta Cube ("Delta<sup>3</sup>") cooling system requires up to 80% less energy, 85% less water and requires up to 40% lower infrastructure costs than conventional cooling technology.<sup>10</sup>

Sustainalytics is of the opinion that the Aligned Green Finance Framework is directly aligned with the Company's overall sustainability strategy and initiatives and will further its action on its key environmental priorities.

### **Well-positioned to address common environmental and social risks associated with the projects**

While Sustainalytics recognizes that the net proceeds from the Green Finance Instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact, it is acknowledged that such eligible projects could also lead to negative environmental and social outcomes. Some key risks associated with the eligible projects could include biodiversity, environmental degradation and pollution surrounding its facilities as well as occupational health and safety.

Sustainalytics is of the opinion that Aligned is able to manage and/or mitigate potential risks through implementation of the following:

<sup>5</sup> Aligned Green Bond Framework, July 2021.

<sup>6</sup> Aligned, 'Sustainability', at: <https://www.alignedenergy.com/sustainability/green-machines/>

<sup>7</sup> Sustainalytics reviewed Aligned's June 2021 Asset Assessment report confidentiality.

<sup>8</sup> *Ibid.*

<sup>9</sup> Aligned, 'Sustainability: Green Machines – Data Center Sustainability', at: <https://www.alignedenergy.com/sustainability/green-machines/>

<sup>10</sup> *Ibid.*

- Aligned defines material environmental and social issues by engaging with relevant stakeholders through Board of Directors updates, senior leadership team meetings, customer reviews and its culture and sustainability committees.
- To reduce biodiversity risks and environmental degradation, Aligned selects sites located outside of local floodplains and in areas of relatively low or zero natural disaster risks<sup>11</sup>
- Aligned further manages environmental risks through its Environmental Policy.<sup>12</sup> The document includes an 'Air Quality Program' as well as a 'Spill Prevention, Control and Countermeasure Plan' and the steps that need to be taken in the event of an oil spill. In addition to mandating compliance with applicable environmental laws, the Company uses this policy to promote strong internal procedures and reporting mechanisms.
- Aligned applies a Workplace Safety Program<sup>13</sup> in order to promote a safe, injury-free working environment. As part of the program, all employees are required to undergo training whenever new substances, processes, procedures, or equipment representing new hazards are introduced into the workplace. The Company also uses Contractor Health & Safety Policy<sup>14</sup> (the "Policy") when hiring contractors to come onto worksites. The Policy outlines several requirements for both Aligned as well as the contractor(s), including having a designated site safety coordinator at all times to ensure work is being conducted in a safe manner with protection against hazardous risks.
- In addition to the above, Aligned mitigates environmental and social risk through the application of an enterprise-wide Environmental Health & Safety (EHS) manual.<sup>15</sup> The EHS manual outlines an EHS Program that applies to any vendor or contractor and its subcontractor. The EHS Program consists of five parts, including a complete review of the project's EHS requirements as well as periodic work-site inspections to ensure compliance, as well as certification of training. The EHS manual also discusses the steps Aligned takes to mitigate air emissions, soil disturbances, hazardous waste, and storm water pollution.

Based on these policies and standards, Sustainalytics is of the opinion that Aligned has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP. Sustainalytics has focused on one use of proceeds below where the impact is specifically relevant in the local context.

#### Importance of improving energy efficiency in data centers in the United States

Data centers contain a large number of servers which support data-intensive technologies and services such as artificial intelligence, as well as smart and connected systems used by billions of end-users.<sup>16,17</sup> <sup>16</sup>This translates into significant electricity demand recorded at approximately 200 terawatt hours (TWh), or around 0.8% of global final electricity demand in 2019 arising from data centers.<sup>18</sup> In 2016, U.S. data centers were estimated to consume about 70 billion kilowatt hours (KWh) of energy which corresponds to 1.8% of the country's total energy consumption.<sup>19</sup> Despite the strong usage and electricity load, rapid improvements in energy efficiency have helped to dampen energy demand growth from these facilities and data transmission networks.<sup>18</sup> The International Energy Agency predicts that if current trends are maintained, global data center energy consumption can remain flat till 2022, despite a projected 60% increase in service demand as long as there is strong governance.<sup>18</sup>

<sup>11</sup> GRESB Infrastructure, Aligned Energy; Asset Assessment 2021. Aligned shared this document with Sustainalytics and it was reviewed confidentially.

<sup>12</sup> Aligned Energy, Section 1. Health and Safety, Subsection 1.0 Workplace Safety Program. Aligned shared this document with Sustainalytics and it was reviewed confidentially.

<sup>13</sup> Aligned Energy, Section 1. Health and Safety, Subsection 1.0 Workplace Safety Program. Aligned shared this document with Sustainalytics and it was reviewed confidentially.

<sup>14</sup> Aligned Energy, Section 1. Health and Safety, Subsection 1.13 Contractor Health and Safety Policy. Aligned shared this document with Sustainalytics and it was reviewed confidentially.

<sup>15</sup> Aligned Energy, Environmental Health & Safety (EHS) Vendor/Contractor Requirements Manual. Aligned shared this document with Sustainalytics and it was reviewed confidentially

<sup>16</sup> Masanet, E. et. al., "Recalibrating global data center energy-use estimates", (2020), at: <https://science.sciencemag.org/content/367/6481/984>

<sup>17</sup> David Mytton, "Data center water consumption", nature, (2021), at: <https://www.nature.com/articles/s41545-021-00101-w>

<sup>18</sup> International Energy Agency (IEA), "Data Centers and Data Transmission Networks", (2020), at: <https://www.iea.org/reports/data-centres-and-data-transmission-networks>

<sup>19</sup> U.S. Department of Energy Office of Scientific and Technical Information, "United States Data Center Energy Usage Report", (2016), at: <https://www.osti.gov/servlets/purl/1372902>

PUE, which refers to the ratio of total energy consumed (including lighting and cooling) to the power consumed by IT systems/equipment, is considered the industry standard metric to report the energy performance of data centers. [Error! Bookmark not defined.](#),<sup>20</sup> The global average PUE for data centers was reported to be 1.59 in July 2020, representing only a slight improvement from 2019.<sup>21</sup> In this context, Sustainalytics views Aligned’s target for achieving PUE of less than 1.35 for water-based cooling technologies and less than 1.45 for water-free cooling technologies to exceed market practice and industry standards.

Along with electricity demand, data centers require significant water consumption to support their operations specifically related to cooling technologies for improving energy efficiency.<sup>19</sup> An average facility with 15 MW of IT capacity consumes between 80 to 130 million gallons annually.<sup>19</sup> This is further exacerbated by the fact that less than a third of data center operators track water metrics.<sup>16</sup> Aligned is committed to reducing its water usage in data centers. The Company’s Delta<sup>3</sup> cooling system is one such technology which reduces water consumption by 85% than traditional cooling systems, thus countering high water consumption and providing ultra-efficient environment for data centers. Given this context, Sustainalytics views positively Aligned’s aim of financing infrastructures that use water-free cooling technologies and reporting gallons of water saved from cooling solutions.

Considering the above, Sustainalytics is of the opinion that Aligned’s financing in energy efficient and water efficient data infrastructure projects in the U.S. can reduce the environmental footprint associated with its operations, thereby facilitating the sector’s decarbonization.

**Alignment with/contribution to SDGs**

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The Green Finance Instruments issued under the Aligned Green Finance Framework advances the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Energy Efficiency	SDG 7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency.

**Conclusion**

Aligned has developed the Aligned Green Finance Framework under which it may Green Finance Instruments to finance projects that reduce data center energy consumption. Sustainalytics considers that the projects funded by the Green Finance Instruments are expected to have provide positive environmental impact.

The Aligned Green Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Aligned Green Finance Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goal 7. Additionally, Sustainalytics is of the opinion that Aligned has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Aligned is well-positioned to issue Green Finance Instruments and that the Aligned Green Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.

<sup>20</sup>Science Direct, ‘Power usage effectiveness in data centers: overload and underachieving’, May 2016, at: <https://www.sciencedirect.com/science/article/pii/S1040619016300446>

<sup>21</sup> Uptime Institute, 10th Annual Uptime Institute data center survey 2020: <https://drift-lp-66680075.drift.click/UptimeInstituteGlobalDataCenterSurvey2020>

## Appendix

### Appendix 1: Green Bond / Green Bond Programme - External Review Form

#### Section 1. Basic Information

<b>Issuer name:</b>	Aligned
<b>Green Bond ISIN or Issuer Green Financing Framework Name, if applicable:</b>	Aligned Green Finance Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	July 26, 2021
<b>Publication date of review publication:</b>	

#### Section 2. Review overview

##### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

##### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):                       |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

##### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

#### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

## 1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible category for the use of proceeds Energy Efficiency is aligned with those recognized by the Green Bond Principles and Green Loan Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.

### Use of proceeds categories as per GBP:

- |   |  |
|---|--|
| <input type="checkbox"/> Renewable energy   | <input checked="" type="checkbox"/> Energy efficiency  |
| <input type="checkbox"/> Pollution prevention and control   | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation  | <input type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management  | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                            | <input type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (please specify):   |

If applicable please specify the environmental taxonomy, if other than GBP:

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The eligible projects for financing or refinancing will be selected by Aligned's Sustainability Committee which is comprised of leaders from various corporate divisions such as Customer Experience, Design & Construction, Operations, Innovation and Technology, Finance, Audit and Compliance, and Branding. Aligned undertakes comprehensive environmental and social risk assessments for all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be strong and the project selection process in line with market practice.

### Evaluation and selection

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- Summary criteria for project evaluation and selection publicly available       Other (*please specify*):

#### Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification       In-house assessment
- Other (*please specify*):

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

The Sustainability Committee will use internal accounting processes to track the eligible asset portfolio and is responsible for ensuring that the assets continue to meet the eligibility criteria. Aligned intends to allocate all proceeds within 24 months of the issuance. Pending allocation, the proceeds may be temporarily used in accordance with Aligned's general liquidity measures. Sustainalytics views this to be in line with market practice.

#### Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

#### Additional disclosure:

- Allocations to future investments only       Allocations to both existing and future investments
- Allocation to individual disbursements       Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds       Other (*please specify*):

### 4. REPORTING

Overall comment on section (*if applicable*):

Aligned intends to report on allocation of proceeds on its website on an annual basis until full allocation. In addition, Aligned is committed to reporting on relevant impact metrics. Sustainalytics views Aligned's allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other ( <i>please specify</i> ):        |

**Information reported:**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts     | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |  |

**Frequency:**

- |   |                                      |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual                | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |                                      |

**Impact reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other ( <i>please specify</i> ):        |

**Information reported (expected or ex-post):**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings  |
| <input type="checkbox"/> Decrease in water use              | <input type="checkbox"/> Other ESG indicators ( <i>please specify</i> ): Average PUE of Eligible Green Assets, Gallons of water saved from cooling solutions |

**Frequency**

- |   |                                      |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual                | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other ( <i>please specify</i> ): |                                      |

**Means of Disclosure**

- |   |  |
|---|--|
| <input type="checkbox"/> Information published in financial report  | <input type="checkbox"/> Information published in sustainability report              |
| <input type="checkbox"/> Information published in ad hoc documents  | <input checked="" type="checkbox"/> Other ( <i>please specify</i> ): Company Website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): |  |

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

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**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**
**Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**Review provider(s):****Date of publication:****ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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