

Aligned Energy Holdings, LP

Type of Engagement: Annual Review

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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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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.

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