Second-Party Opinion

CloudHQ-Cloud Capital Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the CloudHQ-Cloud Capital Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:

USE OF PROCEEDS The eligible category for the use of proceeds, Energy and Resource Efficiency, is aligned with those recognized by the Green Bond Principles and the 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 AND SELECTION CloudHQ and Cloud Capital's executive team will be responsible for evaluating and selecting the projects in accordance with the Framework's eligibility criteria. The executive team will take inputs from the finance, accounting, legal, development, sustainability, EHS, HR and operations teams during the selection process. The executive team will also be responsible for assessing environmental and social risks associated with the eligible green assets being financed and determining mitigating measures, where appropriate. Sustainalytics considers the project selection process in line with market practice.

MANAGEMENT OF PROCEEDS CloudHQ and Cloud Capital's executive team will be responsible for the allocation and management of net proceeds and will track the proceeds through an internal accounting system. All proceeds will be allocated within 36 months of each issuance or loan disbursement under the Framework. Pending full allocation, proceeds will be held or invested in line with CloudHQ's liquidity management policy. This is in line with market practice.

REPORTING CloudHQ and Cloud Capital will report on the allocation of proceeds for all financial instruments until their maturity date. Additionally, CloudHQ and Cloud Capital also commit to report on relevant impact metrics for all eligible green assets where the tenant of the facility does not assume exclusive operational control of it. Sustainalytics views the commitment to allocation and impact reporting as aligned with market practice.

Second-Party Opinion
Reviewed by:
MORNINGSTAR | SUSTAINALYTICS

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Report Sections

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[1] This document updates the Second-Party Opinion provided in May 2024.

Introduction

CloudHQ is a global provider of IT infrastructure, specifically the design and operation of data centre facilities. Established in 2016, CloudHQ is headquartered in Washington, DC, United States and has 221 employees. CloudHQ leases 11 data centres with a contracted IT load of more than 970 MW combined in the US and Europe. CloudHQ has an additional 580 MW under development in the US and other countries in South America and Europe.[2]

Cloud Capital, an affiliate supported by CloudHQ,[3] is a full-service investment firm with an exclusive focus on the data centre sector. Established in 2020, Cloud Capital operates with 28 employees in offices located in Washington DC and Tampa, FL in the US, and London in the UK.[4]

CloudHQ and Cloud Capital (together, the "Issuers") have developed the CloudHQ-Cloud Capital Green Finance Framework dated November 2024 (the "Framework") under which they may obtain loans and issue green bonds, including green asset-backed-securities (ABS) and green tranches of ABS,[5] and use the proceeds to finance or refinance, in whole or in part, existing and future projects related to the development of energy-efficient data centre infrastructure in the US, EU and Brazil. The Framework defines eligibility criteria in one area:

1. Energy and Resource Efficiency

CloudHQ engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)[6] and the Green Loan Principles 2023 (GLP).[7] The Framework will be made available directly to investors in the case of bonds, and will be included as a schedule to the relevant loan document and directly provided to lenders, in the case of loan facilities.

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent[8] opinion on the alignment of the reviewed Framework with 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 2023, 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 1.17.2, 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 CloudHQ and Cloud Capital's management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. CloudHQ and Cloud Capital representatives have confirmed that: (1) they understand it is the sole responsibility of

[2] CloudHQ, "About us", at: https://cloudhq.com/about/
[3] CloudHQ will have operational control over the issuance process of its affiliates and special-purpose entities as it pertains to any financing under the Framework and will ensure continual alignment with the Framework criteria in relation to any issuances by its affiliates.
[4] Cloud Capital, "About Cloud Capital", at: https://cloudcapital.com/about-us/
[5] For securitizations, the Company will distinguish between a secured green standard bond and a secured green collateral bond in the respective offering documents, as per the voluntary process guidelines published in the June 2022 Appendix 1 of the GBP 2021. In the case of a secured green collateral bond, the Company will ensure that 100% of the underlying assets will meet the eligibility criteria in the Framework. The Company will ensure there will be no double counting of eligible assets under the secured green standard bond, secured green collateral bond and any other outstanding green financing instruments.
[6] 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/.
[7] The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at https://www.lsta.org/content/green-loan-principles/
[8] 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.

CloudHQ and Cloud Capital to ensure that the information provided is complete, accurate and 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 CloudHQ and Cloud Capital.

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 standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan 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 and loan 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 CloudHQ and Cloud Capital has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the CloudHQ-Cloud Capital Green Finance Framework

Sustainalytics is of the opinion that the CloudHQ-Cloud Capital Green Finance Framework is credible, impactful and aligned with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible category, Energy and Resource Efficiency, is aligned with those recognized by the GBP and GLP.
  - The Framework defines a look-back period of three years for the refinancing of operating expenses associated with eligible green assets. Sustainalytics considers this to be aligned with market expectations.
  - Under the Energy Efficiency category, the proceeds may finance or refinance expenditures related to the design, construction and operation of energy-efficient data centres with an annualized design power usage effectiveness (PUE) of up to 1.5. Sustainalytics considers these expenditures as aligned with market practice.
- Project Evaluation and Selection:
  - CloudHQ and Cloud Capital's executive team will be responsible for evaluating and selecting projects in accordance with the Framework's eligibility criteria, with inputs from various corporate areas, including finance, accounting, legal, development, sustainability, HS, HR and operations.
  - The executive team is also responsible for applying CloudHQ's environmental and social risk assessment process to allocation decisions and implementing relevant risk management strategies. Sustainalytics considers this risk management process to be adequate and aligned with market expectations. For additional details, refer to Section 2.
  - Based on the defined responsibilities and presence of adequate environmental and social risk management systems, Sustainalytics considers this process to be in line with market practice.

- Management of Proceeds:
  - CloudHQ and Cloud Capital's executive team will be responsible for the management and allocation of proceeds to eligible green assets, which will be tracked through an internal accounting system.
  - Loans obtained under the Framework may include multi-tranche loan facilities. The Issuers will label only those tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework.
  - Proceeds will be allocated to the eligible projects within 36 months of the financial instruments' issuance. Pending full allocation, CloudHQ may hold or invest the proceeds in line with its liquidity management policy.
  - Based on the measures in place to track and manage proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - CloudHQ and Cloud Capital will report on allocation of proceeds until the maturity date of each financial instrument issued or obtained under the Framework on an annual basis.
  - The Framework also commits to reporting on the associated impacts of all eligible green facilities for which the tenants do not assume an exclusive operational control. Relevant impact metrics may include primary energy use in kWh/m^2, observed annual PUE and observed reduction in energy utilization. For other facilities, the Issuers will use reasonable efforts to obtain information related to the above impact metrics.
  - The Issuers have communicated to Sustainalytics that the allocation and impact reports will be shared directly with lenders and investors.
  - Based on the commitments to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with the Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the CloudHQ-Cloud Capital Green Finance Framework aligns with the four core components of the GBP and GLP.

Section 2: Sustainability Strategy of CloudHQ

Contribution to CloudHQ's sustainability strategy

Sustainalytics is of the opinion that CloudHQ demonstrates a commitment to sustainability by adhering to groupwide climate change strategies and ESG practices. Sustainalytics notes that these policies extend to all its affiliates, including Cloud Capital.

CloudHQ has committed to achieving net zero emissions for all its controlled spaces by 2040, focusing on reducing emissions from construction and improving operational efficiency. In line with this, CloudHQ helps its customers meet their climate-neutral commitments by adopting and reporting on relevant performance indicators, such as water consumption, energy efficiency, and renewable energy use. In addition, t CloudHQ aims to measure aggregated corporate water usage considering local water stress levels and plans to establish targets related to net biodiversity gains, operational waste to landfill, and sustainable sourcing.

CloudHQ's Sustainable Development Plan (SDP) requires all new data centre sites to comply with the SDP 1.1 Sustainable Site Selection Guidelines,[9] prioritizing the availability of renewable energy.[10] In addition, all new project sites are required to incorporate climate change resilience and site design criteria defined by mandatory climate change vulnerability and climate change risk assessments.[11] Furthermore, CloudHQ's Global Design Standards, which govern all planning and building processes, include minimum requirements for relevant environmental standards, including energy and water efficiency, operational waste management, embodied carbon, biodiversity and climate change resilience. CloudHQ also aims to certify the centres with a relevant green building certification, such as LEED[12] and a waste management certification, such as TRUE Zero Waste.[13] To improve the energy efficiency in the operation of the data centres, CloudHQ supports its tenants in developing sustainable operating strategies by leveraging its Standard Operating Procedures,

[9] CloudHQ has shared SDP 1.1 Sustainable Site Selection Guidelines with Sustainalytics confidentially.
[10] CloudHQ, "Sustainable Development Plan". The document has been shared with Sustainalytics on a confidential basis
[11] Ibid.
[12] LEED: https://www.usgbc.org/leed#:~:text=LEED%20provides%20a%20framework%20for,the%20way%20for%20market%20transformation.
[13] TRUE Zero Waste: https://true.gbci.org/true-certification-zero-waste

which follow ISO 50001[14] and ISO 14001 standards,[15] The procedures set guidelines that can help tenants continuously improve the energy conservation, water usage, and waste management at their facilities. In addition, CloudHQ aims to integrate Life Cycle Assessment principles and ISO 14040[16] and 14044[17] standards for the data centres.

Sustainalytics is of the opinion that the eligible green assets under the Framework are aligned with CloudHQ's overall sustainability strategy and initiatives and will further its actions on its key environmental priorities. Nevertheless, Sustainalytics encourages CloudHQ to establish time-bound quantitative targets for its data centre portfolio and transparently report on its progress toward achieving such targets.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments obtained or issued under the Framework will be directed towards eligible green assets expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible green assets could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible green assets may include issues related to biodiversity loss associated with large-scale infrastructure development; emissions, effluents and waste generated during construction; community relations; and occupational health and safety hazards during the construction of data centres.

Sustainalytics considers that the Issuers are able to manage or mitigate potential risks through implementation of the following policies and processes adopted by CloudHQ:

- To mitigate biodiversity loss, CloudHQ conducts a pre-environmental assessment after the land-clearing phase of the project, utilizing CloudHQ Global Design Standards and requirements for sustainable landscaping. The company also has an environmental management system that follows ISO 14001 standard to identify and mitigate environmental impacts in its operations.[18,19]
- With respect to the management of emissions, effluents and waste, CloudHQ manages these risks through dedicated EHS processes. The company's "EHS Program Air Quality and Permit Compliance" document requires it to comply with local air pollution control laws and regulations.[20] The programme, mandates CloudHQ and Cloud Capital to comply with local requirements related to discharge limitations, permit requirements, reporting requirements for discharges to publicly owned treatment works and discharges of stormwater from industrial and commercial facilities.[21] CloudHQ's "EHS Program Universal Waste" document establishes minimum requirements for the management of universal waste generated from its facilities and activities.[22] In addition, CloudHQ has adopted the "EHS Program Hazardous Waste Management" process for identifying and controlling hazardous waste, as well as complying with environmental laws and regulations.[23]
- To address risks associated with community relations, CloudHQ's Sustainable Development Plan requires engagement with local authorities and stakeholders prior to land acquisition to better understand the environmental and social priorities in the local context.[24] In addition, CloudHQ's "EHS Program Emergency Planning and Community Right-to-Know Compliance" process require that all its operations comply with the requirements of the US Emergency Planning and Community Right-to-Know Act of 1986[25] by supporting emergency planning efforts at the state and local levels and providing the public and governmental officials with information concerning potential chemical hazards present in their communities.[26] Although the regulatory requirements only apply to sites in the US that meet the reporting criteria, CloudHQ has communicated to Sustainalytics that all its global sites maintain data consistent with the requirements for chemical inventory management and employee training, among others.

[14] ISO 50001: https://www.iso.org/iso-50001-energy-management.html
[15] ISO 14001: https://www.iso.org/iso-14001-environmental-management.html
[16] ISO 14040: https://www.iso.org/standard/37456.html
[17] ISO 14044: https://www.iso.org/standard/38498.html
[18] ISO, "ISO 14001 and related standards – Environmental management", at: https://www.iso.org/iso-14001-environmental-management.html
[19] CloudHQ, "Sustainable Development Plan". The document has been shared with Sustainalytics on a confidential basis.
[20] CloudHQ, "EHS Program Air Quality and Permit Compliance". The document has been shared with Sustainalytics on a confidential basis.
[21] CloudHQ, "EHS Program Water Quality and Permit Compliance". The document has been shared with Sustainalytics on a confidential basis
[22] CloudHQ, "EHS Program Universal Waste". The document has been shared with Sustainalytics on a confidential basis.
[23] CloudHQ, "EHS Program Hazardous Waste Management". The document has been shared with Sustainalytics on a confidential basis.
[24] CloudHQ, "Sustainable Development Plan". The document has been shared with Sustainalytics on a confidential basis.
[25] US Environmental Protection Agency, "Emergency Planning and Community Right-to-Know Act (EPCRA)", at: https://www.epa.gov/epcra/what-epcra
[26] CloudHQ, "EHS Program Emergency Planning and Community Right-to-Know Compliance". The document has been shared with Sustainalytics on a confidential basis.

- With regard to occupational health and safety hazards, CloudHQ has adopted procedures that encourage the use of personal protective equipment, motorized industrial trucks, accident reporting and investigation, safety orientation, record-keeping and reporting, among other health and safety measures.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that the Issuers have 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 and GLP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Importance of energy efficiency in data centres in the US, the EU and Brazil

The information and communications technology industry contributes 2-3% of total global GHG emissions, with data centres and data transmission networks responsible for nearly 1% of all energy-related GHG emissions.[27,28] Data centres utilize a number of energy-intensive technologies and services, including servers, storage equipment, power and cooling infrastructure, and backup systems and equipment that support billions of end-users.[29] In 2021, global data centre energy use was between 220 and 320 TWh, equivalent to 0.9-1.3% of the world's electricity demand.[30] These figures demonstrate an increase of up to 60% in energy demand compared to the 2015 baseline.[31] In order to limit the increase in power consumption in data centres, energy efficiency needs to be continuously improved through advanced servers, storage equipment, network energy use and infrastructure.[32] As a result of energy efficiency improvements, global data centre energy consumption increased only moderately between 2010 and 2022, despite the number of global internet users more than doubling and global internet traffic expanding 20-fold.[33] Nonetheless, the International Energy Agency estimates that global data centre energy consumption will continue to increase over the next few years, though the long-term trend is uncertain.[34]

To improve the energy efficiency of data centres, the US government has implemented several initiatives. For example, the Federal Energy Management Programme's Centre of Expertise on Energy Efficiency in Data Centres provides technical assistance, tools, analysis and best practices for the implementation of energy efficiency projects in data centres.[35,36] The US Environmental Protection Agency has expanded its Energy Star programme to include a labelling scheme and product list for data centre equipment as well as a certification for entire data centres.[37,38] In addition, the US Department of Energy's Advanced Research Projects Agency-Energy has initiated a USD 40 million programme in partnership with various research institutions to advance data centre cooling technologies, with the goal of reducing data centre operational carbon footprints.[39]

In the EU, the number of data centres is steadily increasing, especially in Frankfurt, London, Amsterdam and Paris, to cover the strong demand across the region.[40] Energy-efficient data centres have become a priority in the EU, which aims to achieve climate-neutral, highly efficient and sustainable data centres by 2030.[41] To meet this goal, the European Commission launched the EU Code of Conduct (EU CoC) for Data Centres to guide data centre operators and owners to reduce energy consumption without compromising the critical function

[27] IEA, "Data Centres and Data Transmission Networks", (2023), at: https://www.iea.org/fuels-and-technologies/data-centres-networks
[28] Global Data, "Scope 3 Greenhouse Gas (GHG) Emissions of Major Technology Companies in 2021", (2021), at: https://www.globaldata.com/datainsights/technology--media-and-telecom/scope-3-greenhouse-gas-ghg-emissions-2089128/
[29] Ratka, S. and Boshell, F. (2020), "The nexus between data centres, efficiency and renewables: a role model for the energy transition". Energypost.eu, at: https://energypost.eu/the-nexus-between-data-centres-efficiency-and-renewables-a-role-model-for-the-energy-transition/
[30] International Energy Agency (IEA), "Data Centers and Data Transmission Networks", (2022), at: https://www.iea.org/reports/data-centres-and-datatransmission-networks
[31] IEA, "Data Centres and Data Transmission Networks", (2023), at: https://www.iea.org/reports/data-centres-and-data-transmission-networks
[32] US 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
[33] IEA, "Data Centres and Data Transmission Networks", (2023), at: https://www.iea.org/reports/data-centres-and-data-transmission-networks
[34] Ibid.
[35] Center of Expertise for Energy Efficiency in Data Centers, "About us", at: https://datacenters.lbl.gov/who-we-are
[36] Government of US, "Energy Efficiency in Data Centers", at: https://www.energy.gov/eere/femp/energy-efficiency-data-centers
[37] ENERGY STAR data centres page, at: https://www.energystar.gov/products/data_center_equipment
[38] ENERGY STAR data centre score estimate methodology page, (2023), at: https://www.energystar.gov/buildings/tools-and-resources/energy-star-score-data-center-estimates-us-and-canada
[39] National Renewable Energy Laboratory, "NREL Joins $40 Million Effort To Advance Data Center Cooling Efficiency", (2023), at: https://www.nrel.gov/news/program/2023/nrel-joins-effort-to-advance-data-center-cooling-efficiency.html
[40] CBRE, "Global Data Centre Trends 2023", (2023), at: https://www.cbre.com/insights/reports/global-data-center-trends-2023
[41] European Commission, "Green cloud and green data centres", at: https://digital-strategy.ec.europa.eu/en/policies/green-cloud

of data centres,[42] using PUE as a key metric to measure energy efficiency.[43] The European Commission has also developed green public procurement criteria for data centres, server rooms and cloud services aimed at helping public authorities to procure data centre equipment and services with a reduced environmental impact.[44] Finally, the European Energy Efficiency Directive requires data centres in the EU with an installed IT power demand of at least 100 kilowatts to publicly report their annual energy performance.[45]

In Latin America, Brazil is the largest data centre market hosting 17 providers and 44 facilities across the country,[46] owing to low costs and reliable renewable energy sources.[47] Following the Paris Agreement, Brazil committed to reduce its GHG emissions by 48.4% by 2025 and 53.1% by 2030 compared to 2005 levels and achieve climate neutrality by 2050.[48,49] Furthermore, Brazil has set a target of achieving a 5% reduction in electricity demand through energy efficiency improvements by 2030.[50]

As of 2023, nearly 45% of primary energy demand in the country is sourced from renewable sources.[51] Following the Paris Agreement, Brazil committed to reduce its GHG emissions by 37% by 2025 and 50% by 2030 compared to 2005 levels and achieve climate neutrality by 2050.[52,53] Furthermore, Brazil has set a target of achieving a 5% reduction in electricity demand through energy efficiency improvements by 2030.[54] To reduce energy consumption by federal agencies, the Brazilian government passed a decree requiring data center rooms to be cooled only to the extent technically necessary.[55]

Based on the above context, Sustainalytics considers that investments in energy-efficient data centres in the US, the EU and Brazil are expected to contribute to a reduction in the sector's energy footprint, thereby generating positive environmental impacts and contributing to countries' sustainability efforts and goals.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued or obtained under the CloudHQ-Cloud Capital Green Finance Framework are expected to help advance the following SDG and target:

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

[42] European Commission, "The EU Code of Conduct for Data Centres – towards more innovative, sustainable and secure data centre facilities", (2023), at: https://joint-research-centre.ec.europa.eu/jrc-news-and-updates/eu-code-conduct-data-centres-towards-more-innovative-sustainable-and-secure-data-centre-facilities-2023-09-05_en
[43] Ibid.
[44] European Commission, "Development of the EU Green Public Procurement (GPP) Criteria for Data Centres, Server Rooms and Cloud Services", at: https://publications.jrc.ec.europa.eu/repository/handle/JRC118558
[45] Caballar, R.D. (2023), "Tougher Reporting Mandates Ahead for Data Centers", Data Center Knowledge, at: https://www.datacenterknowledge.com/regulation/tougher-reporting-mandates-ahead-data-centers
[46] Bnamericas, "With unprecedented diagnosis, government begins to debate policy for data centers", (2023), at: https://www.bnamericas.com/en/news/with-unprecedented-diagnosis-government-begins-to-debate-policy-for-datacenters
[47] Santos, C. (2023), "Brasil e Data Centers: uma combinação sustentável", Data Centre Dynamics, at: https://www.datacenterdynamics.com/br/an%C3%A1lises/brasil-e-data-centers-uma-combinacao-sustentavel/
[48] UNFCCC, "Federative Republic of Brazil: Paris Agreement Nationally Determined Contribution (NDC)", (2023), at: https://unfccc.int/sites/default/files/NDC/2022-06/Updated%20-%20First%20NDC%20-%20%20FINAL%20-%20PDF.pd
[49] Ibid.
[50] Ministry of Mines and Energy, "Plano Nacional de Eficiência Energética", (2023), at: https://www.gov.br/mme/ptbr/assuntos/secretarias/sntep/publicacoes/plano-nacional-de-eficiencia-energetica/documentos/plano-nacional-eficiencia-energeticapdf.pdf/@@download/file
[51] IEA, "Brazil", at: https://www.iea.org/countries/brazil
[52] UNFCCC, "Federative Republic of Brazil: Paris Agreement Nationally Determined Contribution (NDC)", (2022), at: https://unfccc.int/sites/default/files/NDC/2022-06/Updated%20-%20First%20NDC%20-%20%20FINAL%20-%20PDF.pdf
[53] Ibid.
[54] Ministry of Mines and Energy, "Plano Nacional de Eficiência Energética", (2023), at: https://www.gov.br/mme/ptbr/assuntos/secretarias/sntep/publicacoes/plano-nacional-de-eficiencia-energetica/documentos/plano-nacional-eficiencia-energeticapdf.pdf/@@download/file
[55] Government of Brazil, "DECREE No. 10,779, OF AUGUST 25, 2021", at: https://www.in.gov.br/en/web/dou/-/decreto-n-10.779-de-25-de-agosto-de-2021-340742061

Conclusion

CloudHQ and Cloud Capital have developed the CloudHQ-Cloud Capital Green Finance Framework under which the Issuers intend to obtain loans and issue green bonds, green asset-backed-securities (ABS) and green tranches of ABS, and use the proceeds to finance or refinance, projects related to the development of energy-efficient data centre infrastructure in the US, the EU and Brazil. Sustainalytics considers that the eligible green assets are expected to provide positive environmental impacts.

The Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Framework is aligned with the overall sustainability strategy of CloudHQ and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goal 7. Additionally, Sustainalytics is of the opinion that the Issuers have adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible green assets.

Based on the above, Sustainalytics is confident that CloudHQ and Cloud Capital are well positioned to issue or obtain green financial instruments as listed above, and that the CloudHQ-Cloud Capital Green Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

Disclaimer

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

About Morningstar Sustainalytics

Morningstar Sustainalytics 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, which 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. For more information, visit www.sustainalytics.com.