

STACK Infrastructure Sustainable Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the STACK Infrastructure Sustainable Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eight eligible categories¹ for the use of proceeds are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental and social impacts and advance the UN Sustainable Development Goals, specifically SDGs 4, 6, 7, 9, 11 and 12.



PROJECT EVALUATION AND SELECTION STACK's Global Sustainable Finance Workstream, which includes members from the Finance and Sustainability functions from STACK and IPI, will evaluate and select eligible projects in line with the Framework's eligibility criteria. The workstream will also assess the environmental and social risks associated with the projects financed, and where relevant, determine the risk mitigating measures. Sustainalytics considers the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS STACK will be responsible for tracking and managing the net proceeds. STACK has communicated to Sustainalytics that it intends to allocate all proceeds to eligible projects within 36 months of the respective issuance date of the instrument, where relevant, and will indicate the specific allocation date in the transaction documents. Pending allocation, STACK will temporarily hold net proceeds in cash or invest in short-term liquid instruments. This is in line with market practice.



REPORTING STACK commits to report annually on the allocation of proceeds and the corresponding environmental or social impact in qualitative terms or case study reports. The allocation and impact reports may be shared directly with investors or publicly on the company's website on an annual basis, as appropriate. Sustainalytics views STACK's allocation and impact reporting as aligned with market practice.

Second-Party
Opinion

Reviewed by:
MORNINGSTAR | SUSTAINALYTICS

Evaluation Date	October 10, 2023
Issuer Location	Colorado, US

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For inquiries, contact the Sustainable Corporate Solutions project team:

Amala Devi (Toronto)
Project Manager
amala.devi@sustainalytics.com
(+1) 416 861 0403

Sameen Ahmed (Toronto)
Project Support

Ankita Mani (Mumbai)
Project Support

Lindsay Brent (Toronto)
Client Relations
susfinance.americas@sustainalytics.com
(+1) 646 518 9623

¹ i) Energy Efficiency; ii) Renewable Power; iii) Sustainable Water and Wastewater Management; iv) Clean Transportation; v) Pollution Prevention and Control; vi) Circular Economy Adapted Products and Technologies; vii) Socioeconomic Advancement and Empowerment and Access to Digital Education and Job Creation (Employment Generation); viii) Affordable Basic Infrastructure.

Introduction

STACK Infrastructure (“STACK”, or the “Company”) owns, develops and operates data centres in more than 20 locations globally and is headquartered in Denver, Colorado. STACK is sponsored by IPI Partners, a US investment firm that focuses on global digital infrastructure assets. IPI partners is a joint venture of ICONIQ Capital, an investment firm headquartered in the US, and Iron Point Partners, a private equity firm investing in assets throughout North America and Europe.²

STACK has developed the STACK Infrastructure Sustainable Finance Framework dated October 2023 (the “Framework”), under which STACK or its affiliates³ may issue or obtain unsecured or secured green, social or sustainability bonds or loans, including, among others, asset-backed securities, collateralized loan obligations⁴ (collectively, the “Sustainable Finance Instruments”)⁵ and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to provide positive environmental and social impacts. The Framework defines eligibility criteria in eight areas:

1. Energy Efficiency
2. Renewable Power
3. Sustainable Water and Wastewater Management
4. Clean Transportation
5. Pollution Prevention and Control
6. Circular Economy Adapted Products and Technologies
7. Socioeconomic Advancement and Empowerment; and Access to Digital Education and Job Creation (Employment Generation)
8. Affordable Basic Infrastructure

STACK engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2023 (SBP),⁶ Green Loan Principles 2023 (GLP) and Social Loan Principles 2023 (SLP).⁷ The Framework will be published in a separate document.⁸

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁹ 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 Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA, and the Green Loan Principles 2023 and Social Loan Principles 2023, as administered by LMA, APLMA, and LSTA;

² ICONIQ, “Digital Infrastructure”, at: <https://www.iconiqcapital.com/real-assets/digital-infrastructure>

³ STACK has communicated to Sustainalytics that it will have operational control over the issuance process of its affiliates as it pertains to any financings under the STACK Infrastructure Sustainable Finance Framework. STACK has further confirmed that it will be responsible for ensuring alignment of any issuances with the criteria defined in the Framework.

⁴ For securitizations, STACK: i) commits in the Framework to distinguish between a secured sustainable standard bond and a secured sustainable collateral bond in the respective offering documents, per the voluntary process guidelines published in the June 2022 Appendix 1 of the GBP 2021; and in the case of a secured sustainable collateral bond, ensure that 100% of the underlying assets will align with the eligibility criteria set forth in the Framework; and ii) has communicated to Sustainalytics that there will be no double counting of eligible projects under the secured sustainable standard bond, secured sustainable collateral bond and any other outstanding sustainable financing instruments. STACK has further communicated to Sustainalytics that to the extent synthetic CLOs are executed in the Framework, it will ensure that: i) in the case of synthetic secured green collateral instrument, all the reference portfolio will comprise green credible projects on STACK’s balance sheet; ii) in the case of synthetic secured green standard instrument, the nominal amount raised from the issuance will be allocated to projects that meet the eligibility criteria in the Framework; and iii) for both type of securitizations, there will be no double counting between the synthetic CLOs and any other outstanding green financing instruments.

⁵ Sustainalytics has reviewed only those financial instruments that are specified in the Framework.

⁶ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁷ 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/>

⁸ STACK has communicated to Sustainalytics that the Framework will be made available directly to the investors.

⁹ 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.

- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of STACK'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 1.14, 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 STACK'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. STACK representatives have confirmed (1) they understand it is the sole responsibility of STACK 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 STACK.

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. Upon 24 (twenty-four) months following the evaluation date set stated herein, STACK is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

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 STACK has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the STACK Infrastructure Sustainable Finance Framework

Sustainalytics is of the opinion that the STACK Infrastructure Sustainable Finance Framework is credible and impactful and aligns with the four core components of the GBP, SBP, GLP and SLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eight eligible categories are aligned with those recognized by the GBP, SBP, GLP and SLP, namely: Energy Efficiency; Renewable Power; Sustainable Water and Wastewater Management; Clean Transportation; Pollution Prevention and Control; Circular Economy Adapted Products and Technologies; Socioeconomic Advancement and Empowerment and Access to Digital Education and Job Creation (Employment Generation); and Affordable Basic Infrastructure.
 - STACK has established a look-back period of two years for the refinancing of operating expenses associated with the eligible projects defined in the Framework.
 - The Framework clarifies that the collateral for the issuance of any secured sustainable collateral instruments will be in alignment with one or more of the first three eligibility criteria under the Energy Efficiency category in the Framework.
 - Under the Energy Efficiency category, STACK may finance the following types of projects:
 - Investments in the design, construction, certification, operation and maintenance of data centre assets with i) an average annual design power usage effectiveness (PUE)

- of 1.3 or below; ii) with an operational PUE of 1.5 or lower, where the PUE is calculated on a 12-month rolling average basis using the most recently available data; and/or iii) where the buildings have achieved or are expected to achieve the following green buildings certifications: a) LEED¹⁰ Gold or Platinum; b) BREEAM¹¹ Excellent or Outstanding; c) Green Globes¹² 3 or 4 Globes; d) Energy Star¹³ score of 85 or greater. Sustainalytics considers the schemes cited to be credible, and the levels to be robust.
- Investments aimed at improving data centre energy efficiency through: i) energy efficiency upgrades, retrofits or improvements that result in a 2% improvement in a site's annual power usage; ii) improvements in architectural or mechanical, electrical or plumbing design elements in cooling systems, equipment and other infrastructure that improves the data centre facility's energy use and efficiency; and iii) ISO 50001 energy management certification.
 - Sustainalytics considers investments under this category to be in line with market practice and have positive environmental impacts.
- Under the Renewable Power category, STACK may finance the installation, maintenance and operation of on-site solar and wind energy generation systems, including supporting infrastructure, such as battery storage and microgrids, powered entirely by the above-mentioned renewable energy sources. Additionally, investments under the category may include the procurement of renewable energy from off-site solar or wind farms, through: i) physical or virtual power purchase agreements with a minimum tenor of five years; ii) Green-e certified or compliant renewable energy certificates (RECs); or iii) long-term unbundled RECs that can be tracked to identifiable renewable energy projects and held until they are retired and not resold or transferred. Sustainalytics considers that the long-term nature of the power purchase agreements and unbundled RECs improves their traceability and reduces the risk of double counting. Sustainalytics considers the investments in this category to be aligned with market practice.
 - Under the Sustainable Water and Wastewater Management category, STACK may finance activities that support water efficiency and recycling measures in its data centers. Examples of financed projects include:
 - Water recycling and water capture and storage infrastructure, such as rainwater harvesting systems.
 - Upgrades to improve water efficiency, such as through sub-metering.
 - Water-efficient infrastructure, such as air-based chillers or closed-loop systems, free or evaporative cooling technologies, and hot and cold aisle containment.
 - Stormwater management infrastructure and activities involving holding water on land, such as through improved water retention, permeable paving, vegetated roofs and facades and addition of swales along topographical contours.
 - Sustainalytics views the above-mentioned investments to be aligned with market practice.
 - Under the Clean Transportation category, STACK may finance or refinance expenditures related to the installation and maintenance of electric vehicle charging stations. STACK has communicated to Sustainalytics that standalone parking facilities will not be financed under the Framework. This is aligned with market practice.
 - Under the Pollution Prevention and Control category, STACK may finance or refinance the following expenditures:
 - Waste management programmes for the reduction, prevention, recycling and reuse of the following types of waste: i) operational waste, such as e-waste, data centre equipment waste, glass, plastics, paper, cardboard and organic waste; and ii) construction waste, such as concrete, masonry, asphalt, metals, wood, paper, cardboard, plastics, glass and additional interior finish materials. Additionally, STACK has confirmed to Sustainalytics that: i) waste recycling activities will include source segregation of waste to separate recyclables; ii) recycling of e-waste will be

¹⁰ LEED: <https://www.usgbc.org/leed>

¹¹ BREEAM: <https://bregroup.com/products/breem/>

¹² Green Globes: <http://www.greenglobes.com/about.asp#introduction>

¹³ Energy Star: https://www.energystar.gov/buildings/building_recognition/building_certification

- accompanied by robust waste management processes to mitigate associated risks; and iii) chemical recycling of plastics will be excluded.
- Initiatives that are expected to lead to a significant reduction in wasted energy or emissions of greenhouse or harmful gases, such as through the reuse of wasted heat from electricity in the data centres or use of low global warming potential refrigerants. STACK has communicated to Sustainalytics that such refrigerants may include natural refrigerants, such as CO₂ or ammonia, or synthetic ones, such as R1234ze. Sustainalytics positively notes the emissions reduction benefits and zero ozone depletion potential of the identified refrigerants and encourages STACK to promote robust refrigerant leak control, detection and monitoring in its cooling systems while ensuring the recovery, reclamation, recycling or destruction of refrigerants at the end of life of the assets.
 - Expenditures related to achieving ISO 14001 environmental management certification and UL 2799 zero waste certification.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Circular Economy Adapted Products and Technologies category, STACK may finance the following expenditures:
 - Procurement of recycled and resource-efficient building materials, structural components, mechanical, electrical or plumbing materials, and IT equipment with a high proportion of recycled post-consumer waste as input for the development of data centre infrastructure.
 - Procurement of hydrotreated vegetable oil (HVO) for use in backup power systems, as well as initial investment in or replacement of fossil fuel-based backup power systems to allow for backup power generation using HVO. The Framework confirms that the procured HVO: i) will have life cycle GHG emissions at least 75% lower than conventional diesel; and ii) will be derived from biogenic waste and feedstock that are not linked to deforestation or severe indirect land use change impacts. Sustainalytics notes that STACK intends to report on the expected GHG emissions savings and feedstock used for the procured HVO.
 - Sustainalytics views the expenditures under this category to be aligned with market practice.
 - Under the Socioeconomic Advancement and Employment and Access to Digital Education and Job Creation (Employment Generation) category, STACK may finance or refinance expenditures related to projects aimed at launching, scaling and investing in upskilling training programmes for a defined target population.¹⁴ These projects include: i) advancing economic opportunity and equity to promote greater diversity and inclusion; ii) partnering with local universities and youth programmes to provide educational opportunities; and iii) partnering with veteran organizations to assist with transitioning back to the workforce in the data centre industry. Sustainalytics notes that expenditures under this category will address unemployment issues and enable socioeconomic development for the target population.
 - Under the Affordable Basic Infrastructure category, STACK may finance infrastructure for community benefit, such as: i) community gardens, parks and open spaces; ii) habitat restoration; iii) community centres; and iv) access to broadband network connectivity for populations with limited or low-quality broadband networks in rural areas.¹⁵ Sustainalytics considers the financing of the projects under this category as indicative of positive social impacts.
 - Project Evaluation and Selection:
 - STACK's Global Sustainable Finance Workstream, which consists of members from the Finance and Sustainability functions from STACK and IPI, will be responsible for the evaluation and selection of eligible projects in accordance with the criteria defined in the Framework.
 - The workstream will also be responsible for assessing environmental and social risks associated with the projects being financed and mitigating measures, where appropriate. For

¹⁴ The target population includes individuals with high-school diplomas or GEDs, children and young adults from underserved and underrepresented communities, excluded and marginalized populations and communities, women and sexual and gender minorities, and veterans and military spouses.

¹⁵ Rural areas will be defined in accordance with applicable local governmental definitions.

- more information on STACK's internal processes and procedures to manage risks, please refer to Section 2.
- Based on the established process for project selection and the presence of risk management processes, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - STACK may hold the proceeds in either segregated accounts or STACKS's general account depending on whether the issuance is secured or unsecured and it intends to provide this information in the documentation for each transaction. For all transactions, STACK will track the use of proceeds through its internal system and will maintain a level of allocation to the portfolio that matches the proceeds from the financial instruments.
 - STACK has communicated to Sustainalytics that it intends to allocate all proceeds within 36 months following the transaction date, where applicable.¹⁶ The time period for full allocation specific to each transaction will be shared in the associated documentation. Pending full allocation, net proceeds will be held in cash or invested in short-term liquid instruments on a temporary basis.
 - The Company has communicated to Sustainalytics that instruments issued under the Framework may include multi-tranche loan facilities. STACK intends to label only those tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework.
 - Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
 - Reporting:
 - STACK commits to share information related to the allocation of net proceeds directly with investors on an annual basis until full allocation for all standard sustainable finance instruments under the Framework. The Framework confirms that in the case of revolving credit facilities, reporting will continue until maturity. Allocation reporting may include: i) the amount of net proceeds allocated per category; and ii) the share of refinancing of existing projects.
 - STACK also commits to report on the environmental or social impact of financed projects through case studies or in qualitative terms, where applicable and feasible. The impact reports may be shared directly with investors or made publicly available on the Company's website annually, as appropriate.
 - STACK has communicated to Sustainalytics that in the case of secured sustainable collateral instruments, the transaction documentation will have information pertaining to the sustainability characteristics of the underlying assets and their alignment with the eligibility criteria under the Framework.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the STACK Infrastructure Sustainable Finance Framework aligns with the four core components of the GBP, SBP, GLP and SLP.

Section 2: Sustainability Performance of STACK Infrastructure

Contribution to STACK Infrastructure's sustainability performance

Sustainalytics is of the opinion that STACK demonstrates a commitment to sustainability by integrating ESG considerations into its portfolio. STACK has a comprehensive ESG strategy that addresses material risks and opportunities and an ESG philosophy is rooted in responsible business practices, mitigation of environmental harm, and collective social benefit.

STACK has committed to using 100% renewable energy across its portfolio.¹⁷ Additionally, STACK's hyperscale data centre portfolio, powered shells,¹⁸ and finished data halls are designed for power efficiency

¹⁶ STACK has clarified that this excludes secured sustainable collateral instruments where the proceeds are immediately allocated upon issuance.

¹⁷ STACK Infrastructure, at: <https://www.stackinfra.com/>

¹⁸ Powered shell data centres are facilities where exterior construction is complete and power connectivity to the building is established, but the interior is left as raw space. A powered shell data centre can be delivered as a section of an existing building or as an entirely new building.

and optimal water-cooling systems.¹⁹ Under its Basis of Design programme, STACK leverages ready-built energy efficiencies that reduce water usage and use air-cooling systems to achieve an overall design PUE target of 1.3 for its portfolio.²⁰

In 2022, STACK joined the Infrastructure Masons (iMasons) Climate Accord,²¹ pledging to adopt transparent industry standards that account for and report on carbon emissions from the power, materials and products used in data centre infrastructure. The iMasons Climate Accord aims to standardize the methodology of measuring the carbon footprint of digital infrastructure and subsequently demonstrate the progress in the reduction of the industry's carbon footprint.²²

Some of the social impact initiatives that STACK has undertaken include the financing of STEM education and technical apprenticeship programmes across multiple global locations.

Sustainalytics is of the opinion that the Framework is aligned with STACK's overall sustainability strategy and initiatives and will further its action on its key environmental and social priorities. In addition, STACK has communicated to Sustainalytics that it is in the process of setting up quantifiable, time-bound emissions reduction targets. Sustainalytics encourages the Company to report on its progress on the above-mentioned sustainability initiatives as part of its periodic reporting practices.

Approach to managing environmental and social risks associated with the Projects

Sustainalytics recognizes that the proceeds from the financial instruments issued or obtained under the Framework will be directed towards eligible projects, which are expected to have positive environmental and social impacts. However, Sustainalytics is aware that the eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues related to land use and biodiversity associated with large-scale infrastructure development; waste, emissions and effluents generated during the construction and operation of the data centre; community relations and stakeholder engagement; occupational health and safety; cybersecurity, compliance and privacy; and supply chain impacts.

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

- For environmental risks related to the development and construction of large-scale infrastructure, STACK follows a defined due diligence process that includes assessments of risks related to data centre site selection and construction to ensure compliance with relevant regional regulations.²³
- Specific laws and regulations include the US Environmental Agency's Resource Conservation and Recovery Act, which establishes laws and regulations for the storage and disposal of all hazardous and non-hazardous waste in the US that address the risk of waste, emissions and effluents generated during the construction of large-scale infrastructure, such as data centre facilities.²⁴ STACK addresses environmental risks through responsible data centre operations that follow industry best practices for energy and environmental management, including referencing standards such as ISO 50001²⁵ and ISO 14001.²⁶ Additionally, STACK has communicated to Sustainalytics that it has in place hazardous waste management policies and procedures, including management of e-waste.
- Sustainalytics further notes that a select number of financed projects under the Framework will be located in the US, which is categorized as a Designated Country under the Equator Principles and is subject to robust environmental and social governance systems, legislation and institutional capacity for protecting the environmental and communities, including stakeholder engagement for certain new projects.²⁷ Additionally, to address risks related to community impact, STACK has

¹⁹ STACK Infrastructure, at: <https://www.stackinfra.com/>

²⁰ Ibid.

²¹ The iMasons Climate Accord, "Enabling global carbon accounting and reduction in digital infrastructure", at: <https://climateaccord.org/>

²² STACK Infrastructure, "STACK Infrastructure Joins Infrastructure Masons Climate Accord to Reduce Global Carbon Emissions", (2022), at: <https://www.stackinfra.com/about/news-events/press-releases/stack-infrastructure-joins-infrastructure-masons-climate-accord-to-reduce-global-carbon-emissions/>

²³ Gillin, P. (2020), "5 Things to Know About Data Center Site Selection", STACK Infrastructure, at: https://www.stackinfra.com/wp-content/uploads/2020/11/Stack_SiteSelection111620.pdf?hsCtaTracking=d5e0fce9-33c9-40fe-a4ff-edc7eb173ee5%7C127ced0a-266d-4827-8654-8c3a3f83b2ae <https://www.stackinfra.com/about/health-safety/>

²⁴ US Environmental Protection Agency, "Resource Conservation and Recovery Act (RCRA) Laws and Regulations", at: <https://www.epa.gov/rcra> <https://www.stackinfra.com/about/health-safety/>

²⁵ ISO, "ISO 50001 – Energy Management", at: <https://www.iso.org/iso-50001-energy-management.html>

²⁶ ISO, "ISO 14001 – Environmental Management", at: <https://www.iso.org/iso-14001-environmental-management.html>

²⁷ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

communicated to Sustainalytics that it has dedicated subject matter experts and employees to engage with the communities to identify and address potential risks.

- Regarding occupational health and safety risks, STACK has a dedicated Environmental, Health and Safety team that manages STACK's safety management systems, including contractor management; incident prevention, response, investigation and reporting; job safety analysis; and safety training. These systems include procedures to address operational risks across four sectors, namely high-risk activities, workplace and critical process safety, employee exposure, and environmental risks.²⁸ STACK further requires safety measures in the construction phases to be compliant with local regulations. STACK has in place defined processes and procedures, which include best practices outlined under ISO 45001,²⁹ to ensure safety is a priority in its daily operations of data centres.³⁰
- To manage cybersecurity, compliance and privacy risks, STACK has established Information Security Management Systems that meet independent third-party standards.³¹ STACK has communicated to Sustainalytics that these third-party standards vary by geography and applicable regulations, such as ISO/IEC 27001:2013, SSAE18 Type 2 SOC 1, SSAE18 Type 2 SOC 2, HIPAA, and Payment Card Industry (PCI) Data Security Standard in the US and Canada, as well as ISAE 3000, ISAE 3402, PCI Data Security Standard, and ISO 27001: 2013 in Europe, the Middle East, Africa and Asia-Pacific.
- STACK has communicated to Sustainalytics that it is in the process of developing policies to identify, manage and mitigate environmental and social risks associated with its supply chains. STACK has also adopted a compliance process based on its Code of Conduct (the "Code") aligned with the regional anti-corruption regulations, which is applied to its employees, suppliers, vendors and consultants.³² Under its Code, STACK requires its stakeholders to ensure compliance with all applicable federal, state, provincial and international laws, rules and regulations.³³ The Code further enforces a zero-tolerance policy on conflicts of interest and ethical violations.³⁴

Based on these policies, standards and assessments, Sustainalytics is of the opinion that STACK 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

All eight use of proceeds categories are aligned with those recognized by the GBP, SBP, GLP and SLP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Importance of energy efficiency in data centres in the US

Data centres contain a large number of energy-intensive technologies and services, such as servers, storage equipment, backups and power cooling infrastructure supporting billions of end users.³⁵ This translates to a significant electricity demand from data centres, recorded at 240-340 terawatt hours or approximately 1% to 1.3% of global electricity use in 2022.^{36,37} McKinsey estimates that US data centres consumed 17 GW of power in 2022 and are expected to reach 35 GW of consumption by 2030.³⁸

To curb the increase in power consumption of data centres, continual improvements in energy efficiency through advanced servers, storage devices, network switches and infrastructure are required.³⁹ Between 2010

²⁸ STACK Infrastructure, "Data Center Health & Safety", at: <https://www.stackinfra.com/about/health-safety/> <https://www.stackinfra.com/about/health-safety/>

²⁹ ISO, "ISO 45001:2018 – Occupational health and safety management systems", at: <https://www.iso.org/standard/63787.html> <https://www.stackinfra.com/about/health-safety/>

³⁰ STACK Infrastructure, "Data Center Health & Safety", at: <https://www.stackinfra.com/about/health-safety/>

³¹ STACK Infrastructure, "STACK Infrastructure Announces Broad-based Third-party Compliance Certifications", (2020), at: <https://www.stackinfra.com/about/news-events/press-releases/stack-infrastructure-announces-broad-based-third-party-compliance-certifications/>

³² STACK Infrastructure, at: <https://www.stackinfra.com/>

³³ Ibid.

³⁴ Ibid.

³⁵ Ratka, S. et al. (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/>

³⁶ International Energy Agency, "Data Centers and Data Transmission Networks", (2022), at: <https://www.iea.org/energy-system/buildings/data-centres-and-data-transmission-networks>

³⁷ This excludes energy used for cryptocurrency mining, which was 100-140 tWh in 2021.

³⁸ Bangalore, S. et al. (2023), "Investing in the rising data center economy", McKinsey & Company, at: <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/investing-in-the-rising-data-center-economy>

³⁹ US Department of Energy, "United States Data Center Energy Usage Report", (2020), at: <https://betterbuildingssolutioncenter.energy.gov/resources/united-states-data-center-energy-usage-report>

and 2018, despite a sixfold increase in the computing power of data centres and a tenfold increase in internet traffic, global data centre energy consumption saw only a 6% increase as a result of energy efficiency improvements.⁴⁰ Nevertheless, considering the annual 20-40% increase in energy use in large data centres in recent years, the International Energy Agency estimates that global data centre energy consumption will increase over the next few years, although the long-term trends remain uncertain.⁴¹

There are continued efforts made by the US government to advance energy efficiency in data centres in the country. The Federal Energy Management Program's Center of Expertise for Energy Efficiency in Data Centres provides technical support, tools, analysis and best practices to contribute to the implementation of energy efficiency projects in data centres.^{42,43} Moreover, the US Environmental Protection Agency's Energy Star programme, with its coverage of data centre facilities and equipment, offers several options to encourage energy efficiency measures.^{44,45}

Given this context, Sustainalytics considers STACK's investments aimed at improving the energy efficiency and PUE of data centres in the US as contributing to reducing the industry's energy footprint, thereby generating a positive environmental impact.

Importance of increasing the share of renewable energy in the US

The electricity generation sector is the second largest source of GHG emissions in the US, accounting for 25% of the country's total GHG emissions in 2021.⁴⁶ As of 2020, 60% of US electricity generation comes from fossil fuels, such as natural gas, coal and petroleum, and nearly 20% comes from nuclear energy.⁴⁷ From 1990 to 2019, GHG emissions from electricity generation decreased by 10% due to the increase in renewable energy and energy efficiency.⁴⁸ Although renewable energy generation in the US has experienced significant growth since 2008, it accounted for only 20.1% of the country's total electricity generated in 2021.⁴⁹ More specifically, wind energy contributed 9.2% to total electricity generation in the country, while solar energy contributed 2.8% in the same year.⁵⁰

Projections show a likely increase in US renewables to approximately 35% of the total capacity by 2030.⁵¹ However, this figure is well below the projected proportion of renewables in the global energy system of 40% by the same year.⁵² Therefore, significantly more investments in renewable energy are required to meet the Paris Agreement climate target of limiting temperature increases to well below 2°C.⁵³

According to the National Renewable Energy Laboratory, currently available technologies have the potential to increase renewable energy capacity to account for 80% of US electricity generation by 2050, including through wind and solar.⁵⁴ In 2021, the US government set a goal to reach 100% carbon-free electricity by 2035, which is expected to further add to the renewable energy momentum in the country.⁵⁵

Considering the above, Sustainalytics believes that the renewable energy investments proposed under the Framework are expected to contribute to the clean-energy transition in the US.

⁴⁰ Empowered, "The ABCs of data centre energy use", at: <https://empowered.com/the-abcs-of-data-centre-energy-use/>

⁴¹ International Energy Agency, "Data Centers and Data Transmission Networks", (2022), at: <https://www.iea.org/energy-system/buildings/data-centres-and-data-transmission-networks>

⁴² Center of Expertise for Energy Efficiency in Data Centers, "Who We Are", at: <https://datacenters.lbl.gov/who-we-are>

⁴³ Federal Energy Management Program, "Energy Efficiency in Data Centers", at: <https://www.energy.gov/eere/femp/energy-efficiency-data-centers>

⁴⁴ US Environmental Protection Agency, "Energy Star Expands Efforts to Improve Energy Efficiency of US Data Centers", (2021), at: <https://www.epa.gov/newsreleases/energy-star-expands-efforts-improve-energy-efficiency-us-data-centers>

⁴⁵ Energy Star, "Data Centers", at: https://www.energystar.gov/products/data_centers

⁴⁶ US Environmental Protection Agency, "Sources of Greenhouse Gas Emissions", at: <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions#electricity>

⁴⁷ US Energy Information Administration, "Electricity explained", at: <https://www.eia.gov/energyexplained/electricity/electricity-in-the-us.php>

⁴⁸ US Environmental Protection Agency, "Sources of Greenhouse Gas Emissions", at: <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions#electricity>

⁴⁹ US Energy Information Administration, "U.S. energy facts explained", (2020), at: <https://www.eia.gov/energyexplained/us-energy-facts/>

⁵⁰ US Energy Information Administration, "What is U.S. Electricity Generation by Source?", at: <https://www.eia.gov/tools/faqs/faq.php?id=427&t=3>

⁵¹ US Energy Information Administration, "Annual Energy Outlook 2022", (2022), at:

https://www.eia.gov/outlooks/aeo/ppt/AEO2022_ReleasePresentation.pptx

⁵² IEA, "World Energy Outlook", (2021), at: <https://iea.blob.core.windows.net/assets/4ed140c1-c3f3-4fd9-acae-789a4e14a23c/WorldEnergyOutlook2021.pdf>

⁵³ International Renewable Energy Agency, "Renewable Energy: A Key Climate Solution", (2017), at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2017/Nov/IRENA_A_key_climate_solution_2017.pdf?la=en&hash=A9561C1518629886361D12EFA11A051E004C5C98

⁵⁴ US National Renewable Energy Laboratory, "Renewable Electricity Futures Study", at: <https://www.nrel.gov/docs/fy13osti/52409-ES.pdf>

⁵⁵ The White House, "FACT SHEET: President Biden Sets 2030 Greenhouse Gas Pollution Reduction Target Aimed at Creating Good-Paying Union Jobs and Securing U.S. Leadership on Clean Energy Technologies", (2021), at: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet-president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/>

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 under the STACK Infrastructure Sustainable Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Renewable Power	7. Affordable and Clean Energy	7.2 Increase substantially the share of renewable energy in the global energy mix
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Pollution Prevention and Control	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Circular Economy Adapted Products and Technologies		
Socioeconomic Advancement and Empowerment; and Access to Digital Education and Job Creation (Employment Generation)	4. Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
Affordable Basic Infrastructure	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Conclusion

STACK Infrastructure has developed the STACK Infrastructure Sustainable Finance Framework, under which STACK or its affiliates may issue or obtain unsecured or secured green, social or sustainability bonds or loans, including asset-backed securities, collateralized loan obligations and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to provide positive environmental and social impacts. Sustainalytics considers that the investments issued under the Framework are expected to provide positive environmental and social impacts.

STACK Infrastructure Sustainable Finance Framework outlines a process for tracking, allocating and managing proceeds and makes commitments for STACK to report on its allocation and impact. Sustainalytics believes that the Framework is aligned with STACK's sustainability strategy and that the use of proceeds categories will contribute to the advancement of UN Sustainable Development Goals 4, 6, 7, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that STACK has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible investments.

Based on the above, Sustainalytics is confident that STACK Infrastructure or its affiliates are well positioned to issue sustainable finance instruments as detailed above and that the STACK Infrastructure Sustainable Finance Framework is robust, transparent and in alignment with the four core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023.

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