

Scala Data Centers SA

Type of Engagement: Annual Review

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Introduction

Scala Data Centers (“Scala”, the “Company” or the “Issuer”) issued two green debentures, the 2022 green debenture and the 2023 green debenture (collectively, the “Green Debentures”) to finance data center projects. In 2024, Scala engaged Sustainalytics to review the projects financed with proceeds from the Green Debentures (the “Nominated Projects”) and provide an assessment as to whether the projects meet the use of proceeds criteria and the reporting commitments outlined in the Scala Data Centers Green Finance Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in December 2022.²

Evaluation Criteria

Sustainalytics evaluated the Nominated Projects based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

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

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Energy Efficiency	<p>Investments related to the construction, development, maintenance and/or operation of data centers, but also investments in equipment and/or technologies that reduce energy consumption and/or increase energy savings in data centers, with a PUE target < 1.45 on an annual basis, considering an IT Load of at least 60%. Some examples include, but are not limited to:</p> <ol style="list-style-type: none"> i. Hot aisle containment with air return by plenum; ii. Cutting-edge equipment to ensure high levels of efficiency and less waste; iii. Indirect free cooling systems, with high-efficiency full inverter air cooled chillers; iv. Adiabatic systems where the weathering profile is favorable; v. Higher water temperature working points, with Leaving Water Temperature (LWT) of 20°C; vi. Investments in equipment and/or technologies to maintain temperature and/or humidity at ideal levels for energy efficiency in data centers. 	<ol style="list-style-type: none"> i. Data Centers’ average annual PUE
Renewable Energy	<p>Investments related to the construction, development, acquisition, maintenance and/or operation of renewable energy facilities, including solar (where at least 85% of the electricity generated will be from solar power) and wind energy.</p>	<ol style="list-style-type: none"> i. Renewable certified energy acquired (GW) ii. Annual GHG Emissions

¹ Scala, “Green Finance Framework, Scala”, (2022), at: <https://scaladatacenters.com/wp-content/uploads/2022/12/Scala%20Green%20Framework.pdf>

² Scala, “Second-Party Opinion, Scala”, (2022), at: [https://scaladatacenters.com/wp-content/uploads/2022/12/Second-Party%20Opinion%20\(SPO\).pdf](https://scaladatacenters.com/wp-content/uploads/2022/12/Second-Party%20Opinion%20(SPO).pdf)

	Long-term investments in certified renewable energy (I-RECs) are tied to a purchase power agreement (PPA).	reduced / avoided in tonnes of CO ₂ eq.
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Issuer’s Responsibility

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

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from Scala’s Green Debentures. The work undertaken as part of this engagement included collection of documentation from Scala and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Scala. 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 Scala.

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 Framework. Scala has disclosed to Sustainalytics that 56% of proceeds from the Green Debentures were allocated as of 31 December 2023, with the remaining 44% of proceeds expected to be allocated by June 2025.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Projects to determine alignment with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None ⁴
Reporting Criteria	Verification of the Nominated Projects to determine if impact was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

³ Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

⁴ Scala has communicated to Sustainalytics that the newly constructed sites are yet to be fully occupied by tenants, impacting their ability to achieve an IT load of 60%. As a result, the PUE threshold noted in the Framework was not applicable for 2023. However, Scala is expected to meet the annualized PUE <1.45 once all such sites are fully occupied and subsequently achieve an IT load of 60% per the criteria defined in the Framework.

Appendix

Appendix 1: Allocation and Reported Impact

Scala has issued two green debentures, amounting to BRL 2 billion on 15 December 2022 and BRL 1.072 billion on 17 November 2023, to finance projects and assets aimed at improving energy efficiency.

Table 3.1: Allocation reporting for eligible Energy Efficiency & Renewable Energy Projects

Use of Proceeds Category	Issuance	Site Detail ⁵	Construction Status	Total Investment (BRL million)	Total OPEX (BRL million)	I-REC ⁶ (BRL million)	Net Proceeds Allocation (BRL million)
Energy Efficiency	2 nd (2022 Green Debenture)	SGRUTB03 ⁷	Newly constructed	241.44	31.12		272.57
		SGRUTB04 ⁸	Newly constructed	408.25	24.49		432.74
		SGRUTB05 ⁹	Newly constructed	313.77	8.89		322.67
		SGRUTB06 ¹⁰	Under construction	122.92	-		122.92
Renewable Energy						0.61	0.61
Sub-total (2022 Green Debenture)							1151.52
Energy Efficiency	3 rd (2023 Green Debenture)	SGRUTB08 ¹¹	Under construction	399.33	-	-	399.33
		SGRUTB12 ¹²	Under construction	172.53	-	-	172.53
Sub-total (2023 Green Debenture)							571.86
Total Proceeds Allocated (BRL million)							1,723.38
Unallocated Proceeds (BRL million)							1,348.62

⁵ All the sites are located in a condominium with many data centers in Avenida Ceci, 1700 - Tamboré, Barueri - São Paulo, Brasil.

⁶ Scala has confirmed to Sustainalytics that the financed renewable energy certificates are long-term (>5 years) investments.

⁷ Scala has communicated to Sustainalytics that the newly constructed sites are yet to be fully occupied by tenants, impacting their ability achieve an IT load of 60%. As a result, the PUE threshold noted in the Framework was not applicable for 2023. However, Scala is expected to meet the annualized PUE of <1.45 once all such sites are fully occupied and subsequently achieve of an IT load of 60% per the criteria defined in the Framework.

⁸ Ibid.

⁹ Ibid.

¹⁰ Scala has communicated to Sustainalytics that the site is still in under construction, therefore there is no data on the average annual PUE, average annual occupancy, and end-of-year IT load. The Company has nonetheless confirmed to Sustainalytics that all such financed projects are expected to have an annual PUE of less than 1.45 upon achieving an IT load of at least 60% per the criteria defined in the Framework.

¹¹ Ibid.

¹² Ibid.

Table 3.2: Reported Impact for eligible Energy Efficiency Projects

Issuance	Use of Proceeds Category	Site Detail ¹³	Construction Status	Average Annual Occupancy	Average Annual PUE	End-of-Year IT Load (MW)	Energy Acquired (MWh)
2nd (2022 Green Debenture)	Energy Efficiency	SGRUTB03 ¹⁴	Newly constructed	50.08%	1.40	4.84	
	Renewable Energy						52,724
	Energy Efficiency	SGRUTB04 ¹⁵	Newly constructed	10.18%	1.52	1.70	
	Renewable Energy						16,323
	Energy Efficiency	SGRUTB05 ¹⁶	Newly constructed	5.41%	2.69	0.63	
	Renewable Energy						4,820
	Energy Efficiency	SGRUTB06 ¹⁷	Under construction	Not yet available	Not yet available	Not yet available	
3rd (2023 Green Debenture)	Energy Efficiency	SGRUTB08 ¹⁸	Under construction	Not yet available	Not yet available	Not yet available	
	Energy Efficiency	SGRUTB12 ¹⁹	Under construction	Not yet available	Not yet available	Not yet available	

¹³ All the sites are located in a condominium with many data centers in Avenida Ceci, 1700 - Tamboré, Barueri - São Paulo, Brasil.

¹⁴ Scala has communicated to Sustainalytics that the newly constructed sites are yet to be fully occupied by tenants, impacting their ability achieve an IT load of 60%. As a result, the PUE threshold noted in the Framework was not applicable for 2023. However, Scala is expected to meet the annualized PUE of <1.45 once all such sites are fully occupied and subsequently achieve of an IT load of 60% per the criteria defined in the Framework.

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¹⁸ Ibid.

¹⁹ Ibid.

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