

# Second-Party Opinion

## QTS Green Finance Framework



### Evaluation Summary

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



**PROJECT EVALUATION AND SELECTION** A committee consisting of members from the Sustainability, Finance and Operations teams at QTS is responsible for selecting the eligible green projects in accordance with the criteria outlined in the QTS Green Finance Framework. The committee will also evaluate the environmental and social risks associated with the projects and implement related mitigation measures where appropriate. Sustainalytics considers that the project selection process aligns with market practice.



**MANAGEMENT OF PROCEEDS** QTS will be responsible for tracking and managing the use of proceeds. QTS will allocate proceeds to the eligible projects within 36 months of the respective issuance date, where feasible, and will indicate the specific allocation date in the transaction documents. Pending allocation, QTS will temporarily hold net proceeds in cash or invest in short-term liquid instruments. This is in line with market practice.



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

<b>Evaluation date</b>	October 18, 2023
<b>Issuer Location</b>	Overland Park, KS, US

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## Introduction

Quality Technology Services Realty Trust, Inc. (“QTS”, or the “Company”) is a provider of hybrid IT infrastructure and data centre services, offering colocation and network services for its clients. Founded in 2003, QTS owns and operates 28 data centre locations spanning more than 9 million square feet in the US and the Netherlands. The Company is headquartered in Overland Park, US, and reported nearly USD 811.5 million in revenue and a global workforce of 843 employees in 2022.

QTS has developed the QTS Green Finance Framework dated October 2023 (the “Framework”) under which QTS and its affiliates<sup>1</sup> may issue or obtain unsecured or secured green bonds including asset-backed securities, loans including collateralized loan obligations<sup>2</sup> and other financial instruments (collectively, “Green Finance Instruments”),<sup>3</sup> and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to provide positive environmental impacts. The Framework defines eligibility criteria in two areas:

1. Energy Efficiency
2. Renewable Energy

QTS 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)<sup>4</sup> and the Green Loan Principles 2023 (GLP).<sup>5</sup> The Framework will be provided directly to investors or lenders.

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>6</sup> 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 QTS’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 QTS’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. QTS representatives have confirmed that: (1) they understand it is the sole responsibility of QTS to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information

<sup>1</sup> QTS 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 QTS Green Finance Framework. QTS has further confirmed that it will be responsible for ensuring continual alignment of any issuances with the criteria defined in the Framework.

<sup>2</sup> For securitizations, QTS commits in the Framework to: i) distinguish between a secured green standard instrument and a secured green collateral instrument in the respective offering documents, per the voluntary process guidelines published in the June 2022 Appendix 1 of the GBP 2021 (in the case of a secured green collateral instrument, the Company will additionally ensure that 100% of the underlying assets align with the eligibility criteria set forth in the Framework); and ii) ensure there is no double-counting of eligible projects under the secured green standard instrument, secured green collateral instrument and any other outstanding green financing instruments. QTS has further communicated to Sustainalytics that to the extent synthetic CLOs are executed under the Framework, QTS will ensure that: i) in the case of synthetic secured green collateral instrument, the reference portfolio will comprise green credible projects on QTS’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 types of securitizations, there will be no double-counting between the synthetic CLOs and any other outstanding green financing instruments.

<sup>3</sup> Sustainalytics has reviewed only those financial instruments that are specified in the Framework.

<sup>4</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>5</sup> 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/>.

<sup>6</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

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 QTS.

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. QTS is encouraged to update the Framework after 24 (twenty-four) months from the evaluation date, 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 QTS has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

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

Sustainalytics is of the opinion that the QTS Green Finance Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the QTS Green Finance Framework:

- Use of Proceeds:
  - The eligible categories, Energy Efficiency and Renewable Energy, are aligned with those recognized by the GBP and GLP.
  - QTS has established a lookback period of two years for the refinancing of operating expenses associated with the eligible projects defined in the Framework.
  - Under the Energy Efficiency category, QTS may finance or refinance:
    - Project costs related to the design, construction and maintenance of data centres with: i) an annual design power usage effectiveness (PUE) of 1.5 or below; or ii) an operational PUE of 1.5 or less where the PUE is calculated on a 12-month rolling average basis using the most recently available data. Additionally, financed costs may include costs related to the certification, operation or maintenance of data centre buildings that have achieved or are expected to achieve, the following green building certifications: a) LEED (Gold or Platinum);<sup>7</sup> b) BREEAM (Excellent or Outstanding);<sup>8</sup> c) Green Globes (three globes or above);<sup>9</sup> d) Energy Star for Buildings (85 or above) for buildings not eligible for Energy Star certification.<sup>10</sup>
    - Investments aimed at improving data centre energy efficiency through: i) energy efficiency upgrades, retrofits or enhancements that increase the energy efficiency of data centre facilities by 2% annually and reduce losses, or improve the effectiveness of the electrical and mechanical plants; ii) improvements in architectural or mechanical, electrical or plumbing design elements in cooling systems, equipment and other

<sup>7</sup> LEED: <https://www.usgbc.org/leed>

<sup>8</sup> BREEAM: <https://bregroup.com/products/breeam/>

<sup>9</sup> Green Globes: <http://www.greenglobes.com/about.asp>

<sup>10</sup> Energy Star: [https://www.energystar.gov/buildings/building\\_recognition/building\\_certification](https://www.energystar.gov/buildings/building_recognition/building_certification)

- 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 Energy category, QTS may finance or refinance expenditures related to the procurement, installation, maintenance and operation of renewable energy such as onsite or off-site solar or wind projects, and associated battery storage infrastructure. The procurement of renewable energy may also be financed through medium- to long-term physical or virtual power purchase agreements with a minimum tenor of five years. Sustainalytics considers the long-term nature of the power purchase agreements as providing greater assurance of positive impacts and considers the investments under this category to be aligned with market practice.
- Project Evaluation and Selection:
  - A committee consisting of members from the Sustainability, Finance and Operations teams from QTS will be responsible for the evaluation and selection of eligible projects in accordance with the criteria defined in the Framework.
  - The committee will also be responsible for assessing environmental and social risks associated with the projects being financed and determining mitigating measures, where appropriate. For more information on QTS' 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:
  - For all transactions, QTS 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. Furthermore, to the extent that the net proceeds are not held in segregated accounts, QTS will provide this information within the documentation for each transaction.
  - QTS intends to allocate all proceeds within 36 months following the transaction date, where applicable<sup>11</sup> and will share the time period for full allocation specific to each transaction 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.
  - QTS has communicated to Sustainalytics that instruments issued under the Framework may include multi-tranche loan facilities. QTS 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 disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - QTS will share information related to allocation of net proceeds directly with investors or lenders on an annual basis until full allocation for all standard green finance instruments under the Framework. In the case of secured green collateral instruments, the transaction documentation will have information pertaining to the sustainability performance of the underlying assets and their alignment with the eligibility criteria under the Framework.
  - QTS confirms that in the case of revolving credit facilities, reporting will continue until full allocation. Allocation reporting may include: i) the amount of net proceeds allocated per category; and ii) the share of refinancing of existing projects.
  - QTS 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 lenders or made publicly available on the Company's website annually, as appropriate.
  - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

### **Alignment with Green Bond Principles 2021 and Green Loan Principles 2023**

Sustainalytics has determined that the QTS Green Finance Framework aligns with the four core components of the GBP and GLP.

<sup>11</sup> QTS has clarified that this excludes secured green collateral instruments where the proceeds are immediately allocated upon issuance.

## Section 2: Sustainability Strategy of QTS

### Contribution to QTS's sustainability strategy

QTS's sustainability strategy focuses on key environmental areas, including: i) GHG emissions reduction; and ii) energy use.

Regarding GHG emissions reduction, QTS joined the US Department of Energy's Better Climate Challenge in 2022, committing to reduce its GHG emissions by at least 50% by 2032 relative to a 2022 baseline.<sup>12</sup> To achieve this target, QTS has set a goal of procuring 100% of its power from carbon-free energy sources.<sup>13</sup>

With respect to energy use, QTS has committed to implementing energy efficiency initiatives across all its facilities. To support this initiative, QTS plans to design 100% of buildings according to green buildings standards and pursue Energy Star certification for all of its eligible facilities.<sup>14</sup> As of 2022, the Company has implemented hot and cold aisle containment, PUE monitoring and blanking panels programmes at all of its facilities to increase the energy efficiency of its data centres.<sup>15,16</sup> As a result of these initiatives, QTS improved its PUE by 16% by 2022 in comparison to a 2012 baseline.<sup>17</sup>

QTS is a signatory to several industry alliances promoting environmental sustainability initiatives, such as the Clean Energy Buyers Association, RE100 and CERES.<sup>18,19</sup>

Sustainalytics is of the opinion that the Framework is aligned with QTS's overall sustainability strategy and initiatives and will further the Company's actions on its key environmental priorities.

### Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the green finance instruments issued under the Framework will be directed towards eligible projects, which are expected to have a positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks potentially associated with the eligible projects could include land use and biodiversity issues associated with large-scale infrastructure development; waste and effluents generated during the construction and operation of data centres; occupational health and safety issues; community relations issues; supply chain environmental impact; cybersecurity issues and compliance and privacy risks.

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

- The Company has in place an Environmental Health and Safety (EHS) policy applicable to all employees, vendors and contractors.<sup>20</sup> The EHS policy states that QTS will strive to optimize issues related to solid waste and emissions, water and energy usage, chemical and material usage, unsafe occupational behaviours, and occupational accidents. Furthermore, QTS implements and maintains a formally documented Environmental and Safety Management Program across the organization to ensure compliance with safety and environmental regulations, including those related to land use and biodiversity.
- To address occupational health and safety hazards, QTS has adopted a management system to ensure adherence to the applicable health and safety standards and regulations set out by relevant authorities such as the Occupational Safety and Health Association and Environmental Protection Agency, and laws such as the Occupational Safety and Health Act of 1970 which requires employers to provide employees with safe and healthy working environments.<sup>21</sup> Furthermore, QTS's operations in the US and the Netherlands, which are recognized as Designated Countries by the Equator Principles, are subject to robust environmental and social governance systems, legislation and

<sup>12</sup> Judge, P. (2022), "QTS and Sabey join DOE's Better Climate Challenge", Data Center Dynamics, at:

<https://www.datacenterdynamics.com/en/news/qts-and-sabey-join-does-better-climate-challenge/>

<sup>13</sup> QTS Data Centers, "2022 Sustainability Report" at: [https://www.qtsdatacenters.com/-/media/files/sustainability-reports/qts\\_sustainability-report\\_2022.ashx](https://www.qtsdatacenters.com/-/media/files/sustainability-reports/qts_sustainability-report_2022.ashx)

<sup>14</sup> Ibid.

<sup>15</sup> QTS Data Centers, "2021 ESG Report" at: <https://www.qtsdatacenters.com/resources/brochures/esg-initiatives-2021>

<sup>16</sup> QTS Data Centers, "2022 Sustainability Report" at: [https://www.qtsdatacenters.com/-/media/files/sustainability-reports/qts\\_sustainability-report\\_2022.ashx](https://www.qtsdatacenters.com/-/media/files/sustainability-reports/qts_sustainability-report_2022.ashx)

<sup>17</sup> Ibid.

<sup>18</sup> The Clean Energy Buyers Association, "Our Vision", at: <https://cebusers.org/about/vision/>

<sup>19</sup> Ceres, "About us", at: <https://ceres.org/about-us>

<sup>20</sup> QTS Data Centers, "Corporate EHS Management", at: [https://www.qtsdatacenters.com/-/media/files/legal-](https://www.qtsdatacenters.com/-/media/files/legal-terms/s7042_no_3010_1_corporate_ehs_management-(1).ashx?la=en&hash=9A91C1A4330A700947E1AFC3839BAAB84AED7E61)

[terms/s7042\\_no\\_3010\\_1\\_corporate\\_ehs\\_management-\(1\).ashx?la=en&hash=9A91C1A4330A700947E1AFC3839BAAB84AED7E61](https://www.qtsdatacenters.com/-/media/files/legal-terms/s7042_no_3010_1_corporate_ehs_management-(1).ashx?la=en&hash=9A91C1A4330A700947E1AFC3839BAAB84AED7E61)

<sup>21</sup> US Department of Labor, "OSHA of 1970", at: <https://www.osha.gov/laws-regs/oshact/toc>

institutional capacity for protecting the environment and communities, including conducting stakeholder engagement for certain new projects.<sup>22</sup>

- The Company manages the environmental and social risks associated with its supply chain procurement activities in accordance with its Sustainable Procurement Policy Statement. This policy outlines the Company's objectives in ensuring sustainability practices throughout its supply chain such as evaluating the appointment of sub-contractors through sustainability criteria, requiring the inclusion of environmental policies and imposing best practice standards. In addition, the Company mandates suppliers to minimize social risks by adhering to appropriate labour laws and regulations, as well as to the conventions of the International Labour Organization, the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. Furthermore, QTS commits to minimizing the environmental risks and impacts of its materials by procuring materials that can be easily recycled at the end of their lifecycle and avoiding the use of potentially hazardous materials.<sup>23</sup>
- Since 2021, QTS has been addressing cybersecurity, compliance and privacy risks by implementing its Converged Security programme, which allows the Company to tackle hybrid physical and cyber threats to its assets. This unified approach was validated by the US Cyber and Infrastructure Security Agency.<sup>24</sup> Additionally, QTS has a documented cybersecurity incident response programme and conducts annual security awareness training that includes cyber policy training, a cyber threat overview and reporting procedures for all its staff.<sup>25</sup>
- To help customers manage their third-party compliance risk, QTS has instituted a compliance programme to provide its clients with independent third-party certifications such as ISO 27001, HITRUST and PCI-DSS, enabling its customers to gain independent verification on QTS's policies, procedures and controls.<sup>26,27,28,29</sup>
- QTS outlines its approach to ensuring consumer data privacy and confidentiality through its Privacy Policy.<sup>30</sup> Additionally, the Company is a participant in the Privacy Shield Program and complies with the California Consumer Privacy Act and the European Commission's General Data Protection Regulation.<sup>31,32,33,34</sup> Under these regulations, QTS provides support to its clients in retaining control over their data and maintaining security measures to ensure data protection and privacy.

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

### Section 3: Impact of Use of Proceeds

Both use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused below where the impact is specifically relevant in the local context.

<sup>22</sup> Equator Principles, "About the Equator Principles", (2022), at: <https://equator-principles.com/about-the-equator-principles>

<sup>23</sup> QTS Data Centers, "Corporate Sustainability: Sustainable Procurement Policy Statement", (2020), at: <https://www.qtsdatacenters.com/company/corporate-sustainability>

<sup>24</sup> US Cybersecurity and Infrastructure Security Agency, "About CISA", at: <https://www.cisa.gov/about-cisa>

<sup>25</sup> QTS Data Centers, "2022 Sustainability Report" at: [https://www.qtsdatacenters.com/-/media/files/sustainability-reports/qts\\_sustainability-report\\_2022.ashx](https://www.qtsdatacenters.com/-/media/files/sustainability-reports/qts_sustainability-report_2022.ashx)

<sup>26</sup> Ibid.

<sup>27</sup> ISO, "IEC 27001: Information security management systems", at: <https://www.iso.org/isoiec-27001-information-security.html>

<sup>28</sup> HITRUST develops programmes that manage information risk for organizations and throughout third-party supply chains. HITRUST, "About HITRUST", at: <https://hitrustalliance.net/about-hitrust/>

<sup>29</sup> PCI Security Standards Council is a forum for payments industry stakeholders to create and promote the adoption of data security standards for safe digital payments. PCI Security Standards Council, "About Us", at: [https://www.pcisecuritystandards.org/about\\_us/](https://www.pcisecuritystandards.org/about_us/)

<sup>30</sup> QTS Data Centers, "Privacy Policy" at: <https://www.qtsdatacenters.com/company/legal/privacy-policy>

<sup>31</sup> The Privacy Shield Frameworks were designed to provide companies in the US, EU, and Switzerland with a mechanism to comply with data protection requirements when transferring personal data from the EU and Switzerland to the US. US International Trade Administration, "Data Privacy Framework (DPF) Program Overview", at: <https://www.privacyshield.gov/Program-Overview>

<sup>32</sup> Ibid.

<sup>33</sup> State of California, "California Consumer Privacy Act of 2018", at: [https://leginfo.ca.gov/faces/codes\\_displayText.xhtml?division=3.&part=4.&lawCode=CIV&title=1.81.5](https://leginfo.ca.gov/faces/codes_displayText.xhtml?division=3.&part=4.&lawCode=CIV&title=1.81.5)

<sup>34</sup> European Parliament, "General Data Protection Regulation", (2018), at: <https://gdpr-info.eu/>

### 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.<sup>35</sup> This translates into significant electricity demand from data centres, recorded at 240-320 terawatt hours or approximately 1% to 1.3% of global electricity use in 2022.<sup>36,37</sup> US data centres consumed an estimated 17 gigawatts of global electricity use in 2021 and are expected to reach 35 GW of consumption by 2030.<sup>38</sup>

Continual improvements in energy efficiency through advanced servers, storage devices, network switches and infrastructure are required to curb the increase in power consumption of data centres.<sup>39</sup> Despite a six-fold increase in the computing power of data centres and a ten-fold increase in internet traffic, the global energy consumption of data centres increased by only 6% between 2010 and 2018, owing to energy efficiency improvements.<sup>40</sup> Nevertheless, considering the historical 20-40% annual increase in energy use in large data centres, global data centre energy consumption is still expected to increase over the next few years while the long-term trends remain uncertain.<sup>41</sup>

In the US, the federal government promotes energy efficiency in data centres through different initiatives, such as the Federal Energy Management Program’s Centre of Expertise for Energy Efficiency in Data Centres, which provides technical support, tools, analysis and best practices for energy efficiency projects in data centres.<sup>42,43</sup> Moreover, the US Environmental Protection Agency’s Energy Star programme offers options for data centres to improve the energy efficiency of facilities and equipment.<sup>44,45</sup>

Given this context, Sustainalytics considers QTS’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.

### 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 QTS Green Finance Framework are expected to help advance the following SDG and targets:

Use of Proceeds Category	SDG	SDG target(s)
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Renewable Energy		7.2 7.2 Increase substantially the share of renewable energy in the global energy mix.

### Conclusion

QTS has developed the QTS Green Finance Framework under which it and its affiliates may issue or obtain unsecured or secured green bonds, including asset-backed securities, loans, and other financial instruments to finance projects related to improving the energy efficiency of data centres and supporting the use of

<sup>35</sup> 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/>

<sup>36</sup> International Energy Agency, “Data Centers and Data Transmission Networks”, (2023), at: <https://www.iea.org/energy-system/buildings/data-centres-and-data-transmission-networks>

<sup>37</sup> This excludes energy used for cryptocurrency mining, which was 110 terawatt hours in 2022.

<sup>38</sup> 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>

<sup>39</sup> 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>

<sup>40</sup> Knight, W. (2020), “Data Centers Aren’t Devouring the Planet’s Electricity—Yet”, Wired, at: <https://www.wired.com/story/data-centers-not-devouring-planet-electricity-yet/>

<sup>41</sup> International Energy Agency, “Data Centres and Data Transmission Networks”, (2023), at: <https://www.iea.org/energy-system/buildings/data-centres-and-data-transmission-networks#tracking>

<sup>42</sup> US Department of Energy, Berkeley Lab Center of Expertise for Energy Efficiency in Data Centers, “Who We Are”, at: <https://datacenters.lbl.gov/who-we-are>

<sup>43</sup> US Department of Energy, “Energy Efficiency in Data Centers”, at: <https://www.energy.gov/eere/femp/energy-efficiency-data-centers>

<sup>44</sup> 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>

<sup>45</sup> Energy Star, “Data Centers”, at: [https://www.energystar.gov/products/data\\_centers](https://www.energystar.gov/products/data_centers)

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renewable energy sources. Sustainalytics considers that the projects funded by the green finance instruments are expected to provide positive environmental impact.

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

Based on the above, Sustainalytics is confident that Quality Technology Services Realty Trust, Inc. is well positioned to issue green bonds and obtain green loans, and that the QTS 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.



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