2023 Report

Task Force on Climate-related Financial Disclosures (TCFD)

Resilience for our Business and Communities

DATABANK
Data Center Evolved

Introduction to the TCFD Recommendations

In 2017, the Financial Stability Board released the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to guide organizations in identifying and disclosing climate-related risks and opportunities and their financial impacts to investors, customers, and other stakeholders in a transparent and standardized manner. *Governance, Strategy, Risk Management,* and *Metrics & Targets* are the core elements of the TCFD. DataBank joins thousands of organizations in supporting the TCFD framework as an effective means to evaluate and disclose climate-related risks and opportunities that are pertinent to our business.

DataBank's Journey

Resilience has long been a cornerstone of DataBank's data center operations and is included in our Environment, Social, and Governance (ESG) program and goals. This long-standing oversight helps maintain our facilities' 100% uptime during instances of electrical grid interruptions.

In 2022, DataBank began to align our climate risk assessment process and disclosures with the TCFD framework. We assessed physical and transition short-, mid-, and long-term climate-related risks and opportunities. We developed Emergency Action and Business Continuity and Disaster Recovery Plans and established our Scope 1 and Scope 2 net zero by 2030 roadmap to consider financial, technological, market, and reputational risks. A TCFD-aligned climate risk assessment was commissioned on our behalf through one of our investors.

In 2023, we made significant progress in formalizing our climate risk assessment and scenario analysis process and began to tie these risks and opportunities to financial implications and build the foundation to integrate identified risks into our enterprise risk management activities. We partnered with the Environmental Defense Fund's EDF+Business Climate Corps Fellowship Program for focus and support around this goal. We are proud to share our first standalone TCFD report in alignment with the Task Force's recommendations.

To read about our broader sustainability efforts, visit our ESG Website and annual ESG Report.

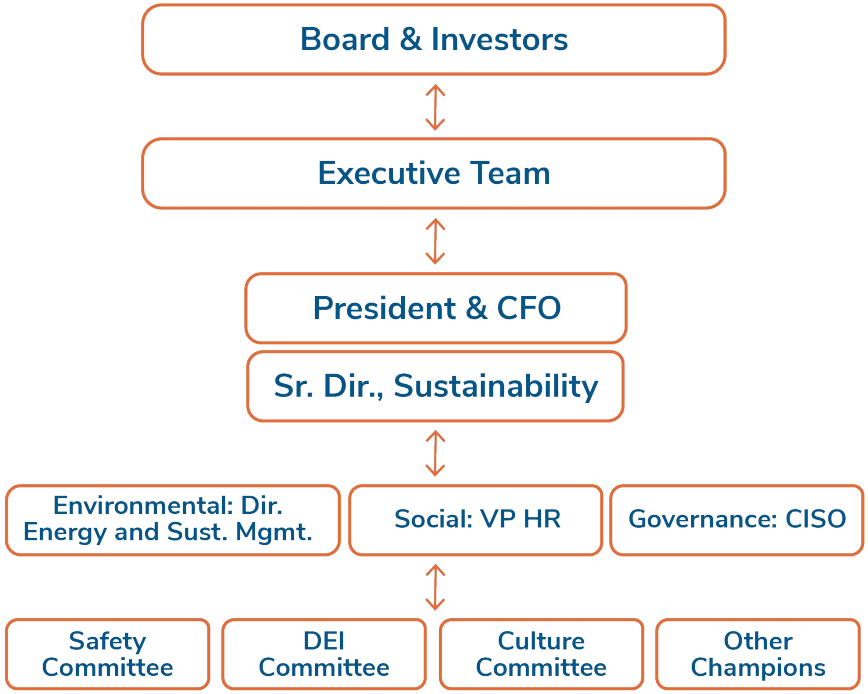
Key Actions in 2023	
Governance	• Established our Company Climate Policy
Strategy	• Formalized and integrated our Climate and Environmental Risk Screening for Siting Policy • Expanded our climate scenario analysis to include additional scenarios and risks/opportunities
Risk Management	• Enhanced our climate risk assessment framework • Conducted facility-level climate risk assessments for our data centers
Metrics & Targets	• Continued to report against key metrics and make progress towards targets

Governance

Board and Management Oversight of Climate-Related Risks and Opportunities

Governance and oversight of ESG progress, including climate-related risks and opportunities, begins with our Board of Directors and cascades throughout the organization.

Board & Investors	Provides guidance and oversight, reviews quarterly or annual reporting
Executive Team	Advises on and supports ESG initiatives and goals, reviews quarterly and annual reporting
ESG Leadership	Determines strategy and advises on initiatives and goals. Works with ESG committee and champions to integrate ESG practices throughout company. Produces quarterly reporting
ESG Committee	Collaborates with ESG leadership around strategy, initiatives and goals. Tracks and reports on ESG metrics
ESG Champions	Lead from across all departments, integrate initiatives into their work groups and provide support and accountability around goals. Includes sub-committees including DEI, Safety, and Culture



BOARD OF DIRECTORS

The Board of Directors has several governance mechanisms into which climate-related issues are integrated, including but not limited to overseeing, guiding, and reviewing the setting and implementation of DataBank's annual budget, strategy, major capital expenditures, company transition plan, scenario analysis, and corporate targets. The Board monitors progress towards these activities at every quarterly board meeting, wherein ESG metrics, targets and process towards targets, strategy updates, and budget requests, including those related to climate change, are presented. The Board also reviews all corporate policies, including DataBank's Climate Policy and Environmental Health & Safety (EHS) Policy.

ESG COMMITTEE

The identification, assessment, and management of climate-related risks and opportunities are led by DataBank's ESG Committee. Our President and Chief Financial Officer (CFO) and Senior Director of Sustainability co-lead the ESG Committee and report to the Board on ESG and climate-related issues on at least a quarterly basis. Other members of the committee include the Vice President (VP) of Human Resources, the Director of Energy and Sustainability Management, and the Chief Information Security Officer/Head of Compliance. The ESG Committee is responsible for determining the strategy around all ESG risks and opportunities, including those related to climate change. The ESG Committee also works with numerous functional areas and other committees across the company to ensure initiatives and programs are successfully implemented and managed to address ESG strategy.

PRESIDENT AND CHIEF FINANCIAL OFFICER

Databank's joint President and CFO is responsible for overseeing the management of climate-related activities throughout the company. All budgets and employee incentives, including those related to our climate transition plan, energy efficiency capital expenditures, and renewable power purchases, are reviewed and approved by our CFO. The CFO meets with the ESG Committee and reviews strategic initiatives, including target setting. Our CFO oversees and signs off on all financial and non-financial disclosures including those in our ESG report.

SENIOR DIRECTOR OF SUSTAINABILITY

DataBank's Senior Director of Sustainability co-leads the ESG Committee and works closely with the Director of Energy and Sustainability Management and other functions across the company to determine, implement, and monitor all climate-related strategy including mitigation activities, energy efficiency initiatives, renewable power strategy, policies, risks and opportunities, targets, transition plan, and related budgets. These initiatives are presented and reviewed by both the ESG Committee and the Board of Directors.

For further information on our governance structure, see our 2023 ESG Report.

Strategy

Risks and Opportunities Identified in our Scenario Analysis

A core component of our resilience strategy is to identify and evaluate climate-related risks and opportunities through scenario analysis. In 2022, we began this journey through a TCFD-aligned climate scenario analysis commissioned on our behalf by one of our investors and conducted by a third-party environmental consultancy. In 2023, we expanded the scope and specificity of our climate scenario analysis by partnering with the Environmental Defense Fund's EDF+Business Climate Corps program. The methodology, results, and strategic implications of our climate scenario analysis are outlined below.

PARAMETERS AND SCENARIOS

PARAMETERS			
Time Horizons Evaluated for All Scenarios	Short Term: 2030 0-10 years This time frame includes initiatives to achieve our 2030 Scope 1 and 2 net zero emissions goal.	Medium Term: 2040 10 to 20 years This time frame reflects the useful life and lease tenure of many of our current data centers.	Long Term: 2050 20 to 30 years This time frame reflects the useful life and lease tenure of many of our newer and planned data centers.
Substantive Impact on our Business	A substantive financial or strategic impact is defined in our risk management process as an impact: ➔ With an adverse effect on the use, value, or operation of our data centers, resulting in the reduction in annualized revenue derived from all customer contracts by 5% or more; or ➔ That cumulatively affects 5% or more of the megawatt (MW) load at our data centers (Note: This does not include site MW capacity that is not in use)		

SCENARIOS				
Scenario Name	**Risks Evaluated**	**Emissions Trajectory**	**Temperature Rise by 2100***	**Scenario Sources**
Net Zero by 2050	Transition Risks	Low	1.5°C	International Energy Agency (IEA) Net Zero by 2050**
RCP 4.5	Physical Risks	Intermediate	2-3°C	Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP)
RCP 8.5	Physical Risks	High	4°C+	

*Figures are rounded and estimates for simplicity. The IPCC AR6 Report provides best estimate and very likely ranges for global average temperature rise at the long-term between 2081-2100. RCP 4.5 best estimate is 2.7°C with a very likely range of 2.1-3.5°C. RCP 8.5 best estimate is 4.4°C with a very likely range of 3.3-5.7°C.

**While our climate scenario analysis primarily draws upon the IEA Net Zero by 2050 scenario to evaluate transition risks, we also reference the Network for Greening the Financial System's (NGFS) Net Zero 2050 scenario.

RISKS IDENTIFIED

In line with TCFD recommendations, our scenario analysis considers both physical (acute and chronic) and transition (policy, market, technology, and reputation) risks relevant to our industry and business model. *Physical risks* are hazards affected by changing climatic conditions and can disrupt operations, increase costs, damage assets, and affect our ability to procure adequate, affordable insurance. *Transition risks* are broader changes in society and the economy that are the result of efforts to combat climate change and transition to a low carbon economy. A sample of the risks considered in our analysis are outlined below.

Category	Changes in the Environment and/or Business Landscape	Potential Impact	Time Horizon
Physical Risks 2-3°C and >4°C Scenarios	Heat waves (acute) and increase in mean global temperatures (chronic)	• Reduced efficiency of customer and company computing equipment • Increase to capital and operational expenditures from additional deployment of cooling • Occupational hazards from working outdoors in elevated temperatures	Short to Long Term
	Wildfires (acute) and increase in fire weather conditions (chronic)	• Physical threat to assets and negative impact on ability to deliver services • Reduced electrical grid resilience due to planned and unplanned outages; increase in electricity costs • Disruption to employee commutes and challenges hiring talent in high-risk areas • Supply chain disruption	Short to Long Term
	Extreme weather events (acute)		Short to Long Term
	Sea level rise (chronic)		Long Term
	Changes to precipitation patterns leading to water stress (chronic)	• Potential for reduced availability and increase in price of water for data centers that use water for cooling	Medium to Long Term
Transition Risks 1.5°C Scenario	Carbon pricing and regulations to reduce greenhouse gas emissions (policy)	• Implementation of carbon pricing schemes resulting in direct and indirect costs. Penalties in the event of non-compliance • Increase in capital and operating expenditures for implementation of low/no-carbon technologies to abate emissions	Medium to Long Term
	Expansion of sustainability measurement, management, and disclosure requirements (policy)	• Human and financial capital outlays for externally verified measurement of greenhouse gas emissions and other environmental metrics • Financial/legal consequences for incorrect/incomplete disclosure and laggard progress • Increased focus on interconnected environmental challenges (biodiversity, water use)	Medium to Long Term
	Electricity price volatility and energy grid resilience (market)	• Increase in company and customer operating costs • Large-scale shift to electrification and growing strain on grid disrupts operations	Short to Long Term
	Shifts in customer demand (market)	• Growth in demand for low-carbon, resource efficient data center solutions	Short to Long Term
	Increase in cost of raw materials and supply chain disruptions (market)	• Increase in construction costs due to shift to low carbon materials (i.e., steel, concrete) • Growth in demand for critical minerals impacting supply chain for IT equipment and renewable energy	Medium to Long Term
	Industry technological innovation and shift to circular economy (technology)	• Replacement of existing assets earlier than their useful life, resulting in write-offs • Increased responsibility for proper disposal of electronic, construction, and other wastes	Medium to Long Term
	Stigmatization of data center industry (reputation)	• Community and regulatory pushback to industries that are high consumers of resources (electricity and water)	Short to Long Term
	Perception of progress on corporate climate commitments (reputation)	• Reputational damage and loss of market share if company climate and environmental commitments are not achieved	Short to Long Term

OPPORTUNITIES IDENTIFIED

While climate change presents several risks to businesses, DataBank is also positioned to help advance the transition to a low carbon economy and grow our business through the pursuit of climate-related opportunities. A sample of these opportunities are outlined in the table below.

Opportunity Type	Opportunity Description	Time Horizon
Resource Efficiency	• Reduced operating costs through optimization of electricity and water use • Decrease in procurement costs through implementation of waste management and circular economy principles	Short to Long Term
Energy Source	• Procure and generate renewable power, such as entering (V)PPAs or installing on-site renewable energy generation, which has the potential to generate incremental revenue	Short to Long Term
Products & Services	• Offer 100% renewably powered and/or carbon-free data center services • Increase in demand for data center services that power the energy transition (such as AI-enabled grid response and computing for climate solutions)	Short to Long Term
Markets	• Partnerships with customers enabling the low-carbon transition • Expansion in geographies with lower exposure to physical climate risks	Medium to Long Tern
Resilience	• Implementation of physical adaptation measures that increase resilience of sites • Expansion of organizational adaptive capacity to changing climatic and societal conditions • Engagement with suppliers on value chain resilience	Short to Long Term

Impact of Climate Change on Our Business, Strategy, and Financial Planning

When conducting our climate risk assessment and scenario analysis, we asked: How might climate-related physical and transition risks affect our data center operations and business model, and where should investments be prioritized to mitigate risks and opportunities? The results of our exploration directly influence our company strategy across four areas: products and services, supply chain, investment in R&D, and operations.

Strategic Area Influenced	Description
Products and services	Recognizing that customers are increasingly seeking data center services with a low carbon footprint, DataBank has set a target to provide 100% carbon-free data center services by 2030.
Supply chain	As part of our Net Zero 2030 strategy, DataBank is developing our responsible supplier program to audit supplier emissions and collaborate with suppliers on emissions reductions goals. The target launch for this program is 2024/2025.
Investment in R&D	We have established research and development focus areas for the design of new sites and retrofitting of current sites. Categories for research and development include siting considerations, design standards, sustainable building practices, backup power, refrigerants and insulators, energy management, operations and maintenance, renewable power, water management, waste management, responsible supply chain, and emerging technologies. Focus areas were evaluated for impact, feasibility, cost, and industry adoption, and prioritized for immediate focus and second level focus. Research and development is a cross-functional effort between our VP of Infrastructure Engineering, VP of Construction, VP of Facilities Engineering, Senior Director of Sustainability, Director of Energy and Sustainability Management, and other teams.
Operations	We are continuing to invest in our Building Management Systems (BMS) to ensure sophisticated real-time monitoring of data center performance and appropriate and timely response from our engineering team to lower the carbon impact of our operations.

We prioritized our risks based on likelihood and impact. We provide a more detailed review of our highest priority risk areas below and how these risks have impacted our business, strategy, and financial planning.

Description of Risk	Details of Risk, Mitigation Measures, and Impact to Strategy
Risk Type: Acute and chronic physical risk **Primary Risk Driver:** Heat waves and increase in mean global temperatures **Time Horizon:** Short to long term **Magnitude of Impact:** High **Primary Potential Financial Impact(s):** Increase in operating costs and capital expenditures	As data centers rely on cooling to keep IT equipment and servers running efficiently, heat waves and an increase in average and maximum summer temperatures have the potential to affect the operations of our facilities, resulting in increased operating costs (for additional cooling) and capital expenditures (for innovative cooling equipment and retrofitting of data centers). Extreme heat can also threaten the health and productivity of our team members working outdoors. Several of our data centers have already experienced temperatures above the predicted maximum temperatures for their geographies. Our analysis of heat risks indicates that heat stress poses a medium risk to DataBank in the short-, medium-, and long-term, increases in severity over time, and affects nearly all our data center locations.

Likelihood: Very likely	Our response to heat stress is the combination of real-time temperature management and medium- and long-term planning for heat resiliency. Our Building Management System (BMS) tracks variables such as temperature and humidity so that data center managers and technicians can deploy additional cooling systems and manually intervene as needed. For longer-term planning, our VP of Facilities Engineering, VP of Operations, and VP of Infrastructure Engineering oversee the upgrade of older HVAC systems, expansion of cold aisle containment, and implementation of higher ambient rated HVAC equipment and generators. We are investing in research and development for emerging cooling technologies, including nature-based solutions. As our most significant climate-related risk is temperature rise, our design standard for new builds has evolved to be in line with 115°F+ temperatures across all geographies.
Risk Type: Acute and chronic physical risk **Primary Risk Driver:** Wildfires and increase in fire weather conditions **Time Horizon:** Short to long term **Magnitude of Impact:** High **Primary Potential Financial Impact(s):** Damage to assets and negative impact on capacity to deliver services **Likelihood:** More likely than not	A portion of our data centers are in regions with higher risk for wildfires and fire weather conditions. Wildfires pose a direct risk to our business in the form of severe physical threats to assets and disruption to our capacity to deliver services. Area wildfires can also interfere with employee commutes to sites and prolonged smoke and ash can impact the health of our employees and efficiency of our air filtration systems. Wildfires can also cause upstream disruptions to utility-supplied power from the electricity grid. Grid outages have the potential to decrease revenues resulting from reduced production capacity and increases to operating costs from higher costs of energy for backup generation. Areas of high wildfire risk also face tight insurance markets, which have potential challenges in procuring adequate and affordable insurance coverage. Our analysis of wildfire risks indicates that wildfires pose a medium risk to utility-supplied power a lower direct risk to our data centers. The likelihood and consequences of wildfires vary by data center location; select sites in California and Texas were determined to be at medium risk over the short-, medium-, and long-term time horizons. To respond to wildfire risks, we conducted facility-level climate risk assessments and EHS audits in 2023. These assessments focused on disaster response preparedness and fire safety protocols and identified any gaps in our operational procedures or infrastructure. We continue to evaluate additional fire mitigation measures such as defensible space and non-combustible building materials, and we are working with our insurance carriers to ensure adequate coverage and continued insurability. We reviewed our EHS protocols to protect our employees from wildfire and smoke conditions. We are exploring on-site renewable energy generation and storage for several of our facilities, which can help insulate our business from grid interruptions.
Risk Type: Policy/regulatory transition risk **Primary Risk Driver:** Carbon pricing and regulations to reduce greenhouse gas emissions **Time Horizon:** Long term **Magnitude of Impact:** High **Primary Potential Financial Impact(s):** Increase in direct and indirect costs **Likelihood:** About as likely as not	Energy, in the form of electricity for daily operations and fuel for backup generation, is a critical input to the data center business. As regional, state, and local governments deploy mechanisms to facilitate the transition to a decarbonized economy, emerging carbon pricing schemes have the potential to result in direct costs to our company via carbon taxes or emissions permits and indirect costs that affect the market for electricity and fuel. Some of our data centers are in geographies with carbon pricing already in place, including California's Cap-and-Trade Program, Washington State's Climate Commitment Act, and the Regional Greenhouse Gas Initiative (RGGI). Thus far, these programs have not had a significant financial impact on our business, but the expansion of existing programs and establishment of new initiatives in other geographies could affect our business and the electricity and fuel markets. Our analysis of carbon pricing transition risks indicates that carbon pricing schemes pose a high risk to our business in the long-term if emissions are not abated. Efforts to mitigate our carbon pricing risk through energy management and efficiency and renewable energy sourcing are already underway. In 2022, we announced our Scope 1 and 2 net zero emissions by 2030 goal. In 2023, we met our 30% procured renewable power goal, bringing our total renewable consumption (procured power plus grid mix consumption) to 51%. With these improvements we are now seeing our total emissions begin to trend downward.

Risk Type: Market transition risk**Primary Risk Driver:** Electricity price volatility and energy grid resilience **Time Horizon:** Short to long term **Magnitude of Impact:** High **Primary Potential Financial Impact(s):** Increase in direct costs **Likelihood:** Likely	The price of electricity is a key driver of transition risk for data centers. Consistent and reliable 24/7 power is required to power our data center infrastructure and the mission-critical IT equipment of our customers. Climate change may result in disruptions to energy supply, interruptions to electricity transmission, and strains on the energy system due to increased demand, among other effects. Large-scale efforts for electrification and the expansion of grid capacity may require significant capital expenditures for utilities, leading to increased prices for purchasers of power. Like other players, DataBank observed significant electricity price volatility resulting from geopolitical conflict contributing to energy shortages and extreme weather events impacting grid operations. Our analysis of electricity price and grid resilience transition risks indicates a high risk to our business in the short-, medium-, and long-term. DataBank is employing a three-pronged approach to respond to electricity price uncertainty: (1) reducing our electricity needs by prioritizing energy efficiency; (2) reducing our reliance on utility-supplied power through on-site energy generation and storage; and (3) closely monitoring electricity markets and engaging in contracts to lock in pricing. For energy efficiency, we either use high efficiency air-cooled technology or water-based cooling and our go-forward standard design utilizes closed-loop water-based cooling which is both energy efficient and does not consume water. Our air-cooled units often allow for free cooling by using cold air outside as heat rejection instead of relying on additional energy use by compressors. Our power equipment is highly efficient, and we implement power saving settings available on specific equipment. Temperature set-points are also standardized with efficiency in mind; we align our set-points with the latest ASHREA guidelines. DataBank's data centers are also designed to incorporate hot or cold aisle containment with temperature sensors to minimize air mixing and reduce cooling needs. We utilize smart LED lighting with occupancy sensors in our standard design. Where we are operating existing facilities, we implement energy efficiency retrofit projects to reduce our consumption. These projects include LED retrofits, hot or cold aisle containment, airflow optimization, additional sensors for monitoring, and equipment upgrades. Monitoring is key, and we install state-of-the-art Building Management Systems (BMS) to actively optimize our data center performance. We are examining feasibility for on-site renewable energy generation at our data centers and new builds are constructed with solar PV capabilities in mind. For energy storage, we have installed utility-scale lithium-ion batters at select data centers that shift load to manage peak demand on the grid. Not only do these batteries allow for an extra backup source for our facilities, but they also provide stability to the regional grid and enable local utilities to deploy additional intermittent sources of power, such as wind and solar. Our Director of Energy and Sustainability Management monitors and responds to changing energy market conditions and works with our President/CFO and finance team to pursue favorable energy contracts and hedge against risk. We also review electricity prices and grid resilience during the site selection process.

Resilience of Our Strategy

The results of our climate scenario analysis and risk assessment reveal that high temperatures, water stress, and wildfires present the most significant physical risks to our data center facilities, and changes to energy and carbon prices present the most significant transition risks to our company. We address these risks through our strategic, operational, and financial planning to ensure continued resilience across emissions scenarios.

To remain at the cutting edge of innovation and leadership, our climate transition plan, which charts our path toward our Scope 1 and Scope 2 net zero by 2030 target, and our company Climate Policy were reviewed and approved by our Board of Directors in 2023.

Risk Management

Our Process for Identifying and Assessment Climate-related Risks

The DataBank Board of Directors has oversite of risk management and overall responsibility sits across several positions and groups within the company, including the President/CFO, Senior Director of Sustainability, Legal, Compliance, and a planned Director of Internal Audit and Risk Management function.

To identify overall ESG risks and opportunities at the company level, material topics were determined by referencing external frameworks and standards (such as Global Reporting Initiative, Sustainability Accounting Standards Board (SASB), and Global Real Estate Sustainability Benchmark (GRESB)), consulting industry resources, engaging with internal and external stakeholder groups (including investors, company leadership, employees across functions, and customers), and via an ESG management workshop focused on risk. Our materiality assessment and risk workshop resulted in the inclusion of the Climate Risk and Resiliency material topic.

To identify and assess risks specific to climate change, we combine a top-down and bottom-up risk assessment approach to holistically understand our risk areas. Our top-down risk assessment evaluates risks pertinent to the data center industry and our company. In 2023, we implemented our bottom-up climate risk assessment process, wherein each data center facility is assessed individually for risks specific to its geography and unique operations. Facility-level assessments are a cross-functional collaboration of team members across ESG, EHS, operations, facilities, construction, engineering, security, and finance. We also collaborate with our insurance providers to augment our risk assessment. Each assessment includes a prioritization of risks based on likelihood of the risk occurring and impact to our assets and operations, suggested response, and delegation of responsibility to manage and reduce risks.

How We Manage Climate-related Risks

The management of our climate-related risks is an ongoing, iterative process, with risk management authority delegated to the appropriate DataBank divisions. Our facility-level climate risk assessments designate responsibility for oversight and management of each risk identified. Regional facilities and operations leaders will collaborate with the ESG team and Risk Management function to review and approve risk response initiatives and delegate response budgets. Progress will be reported to the ESG Committee and Board of Directors.

Climate-related Risk Integration with DataBank's Overall Risk Management

In 2023, we made significant strides in formalizing our ESG risk management program and structure. In 2024, DataBank is adding a Director of Internal Audit and Risk Management responsible for formalizing and integrating our risk programs, including ESG- and climate-related risks.

Metrics & Targets

Our Metrics and Targets to Assess and Manage Climate-related Risks and Opportunities

DataBank has recently standardized our metrics and targets to assess and manage climate-related risks and opportunities. Metrics are shared quarterly with our Board of Directors, and we provide annual updates to our metrics and targets in our public ESG Report. These metrics and targets are aligned with global frameworks such as SASB, CDP, GRESB, Greenhouse Gas (GHG) Protocol, the United Nations (UN) Sustainable Development Goals, the UN International Panel on Climate Change, and The Green Grid. Climate-related metrics and targets can be found in our ESG Report.

Our 2023 Greenhouse Gas Inventory

We began calculating our GHG emissions in 2022, with a baseline year of 2020. Our scope 1, 2, and 3 GHG accounting is conducted through a 3rd party aligned with the GHG Protocol operational control methodology, and we are verifying the data through limited assurance, which will be available later in 2024. Scope 1 emissions includes diesel fuel for emergency backup generation, natural gas, and fugitive emissions from refrigerants. Scope 2 emissions cover all of our procured electricity where we have operational control. Scope 3 emissions include material categories: purchased goods & services, capital goods, fuel and energy related activities, business travel, employee commuting, upstream assets, and waste. For our full GHG Inventory, please see our ESG Report.