

PRIME

2026 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT



INTRODUCTION

The Task Force on Climate-related Financial Disclosures (TCFD) is a globally recognized framework, established by the Financial Stability Board, that provides organizations with a consistent structure for disclosing the climate-related risks and opportunities that could affect their financial performance and long-term resilience.

This report documents Prime Data Centers’ (Prime’s) current approach to identifying and managing climate-related risks across its growing portfolio of data center facilities and provides a transparent foundation for ongoing investor and stakeholder engagement on climate-related issues.

The TCFD framework is organized around four core elements — Governance, Strategy, Risk Management, and Metrics & Targets — each supported by recommended disclosures outlined in the 2021 TCFD Implementing Guidance.

Prime continues to strengthen its approach to climate governance, strategy, risk management, and performance measurement. The milestones at right highlight key actions taken to date that support the continued integration of climate-related considerations into our business.

Prime’s Journey	
Governance	- Established a dedicated Sustainability team - Integrated sustainability requirements into our Supplier Code of Conduct - Developed an enterprise ESG Policy - Share regular updates on sustainability performance and key initiatives to executive leadership, the Board of Directors, and investment teams
Strategy	- Conducted a climate scenario analysis across Prime’s global portfolio using purpose-built climate risk software under SSP2-4.5 and SSP5-8.5 warming scenarios - Identified facility-level physical and transition climate risks and opportunities - Incorporated climate risk insights into long-term planning and risk mitigation strategies
Risk Management	- Conduct site-level quantitative climate risk assessments using specialized modeling software - Maintain business continuity and emergency response plans to strengthen operational resilience
Metrics & Targets	- Completed a baseline greenhouse gas (GHG) emissions inventory - Track key operational sustainability metrics, including energy consumption, greenhouse gas emissions, PUE, WUE, CUE, fuel consumption, and water withdrawals, monthly - Target to match 100% of operating data center electricity consumption with clean sources by 2030

GOVERNANCE AND OVERSIGHT

BOARD OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Board of Directors oversees Prime’s sustainability efforts, including climate-related risks and opportunities. Climate-related matters are shared with the Board and investment teams as part of their broader oversight of enterprise risks and business strategy. These updates include progress on Prime's sustainability commitments, key climate-related initiatives, and potential material climate risks identified through the company's risk assessment process.

The Vice President (VP) of Environmental, Social, and Governance (ESG) is responsible for day-to-day climate-related risk management, in collaboration with functional leaders across Operations, Development, Procurement, Finance, and Legal. The VP of ESG reports on climate-related matters to the executive leadership team, which is responsible for integrating climate considerations into strategic planning, capital allocation, and operational decisions. The table at right summarizes governance responsibilities across key climate-related areas.

CLIMATE OVERSIGHT ORGANIZATION CHART



STRATEGY

As discussed in the introduction, Prime evaluated climate-related risks across multiple climate scenarios to better understand potential impacts to its operations, strategy, and resilience.

Climate-Related Risks and Opportunities	
Physical Risks	Acute: Prime's data centers are large, fixed assets that are designed to operate continuously, making them potentially vulnerable to acute physical risks associated with climate change. More frequent or severe extreme weather events may disrupt power supply, damage facilities, and interrupt operations. Chronic: Over the longer term, Prime faces chronic physical risks from sustained shifts in climatic conditions. Persistently higher ambient temperatures may increase demand on cooling infrastructure, driving higher energy consumption and operating energy costs while placing additional strain on critical systems. Over time, these impacts may affect both financial performance and operational reliability.
Transition Risks	Market: As the transition to a lower-carbon economy continues, market conditions may fluctuate and evolve. For Prime and the data center industry, market-related transition risks may include higher or more volatile energy prices, increasing customer expectations related to sustainability, and changing investor preferences, each of which may affect operating costs and competitive positioning. Policy and Legal: Policy and legal transition risks may include evolving climate- and greenhouse gas emissions-related regulations and disclosure requirements. New or more stringent requirements may increase compliance costs, require additional reporting, or result in financial penalties for non-compliance. Reputational: Reputational risk may arise if Prime's sustainability commitments are not achieved or effectively communicated. Customers may increasingly evaluate suppliers based on sustainability performance, making continued sustainability progress important to maintaining competitiveness. Public concerns regarding the environmental impacts of data centers may also influence community acceptance of future developments and affect Prime's social license to operate. Technology: As lower-carbon technologies continue to evolve, Prime may face risks associated with the pace of innovation in areas such as cooling systems, energy supply, building materials, and backup power. Failure to evaluate and integrate commercially viable technologies may increase operating costs, reduce competitiveness, or limit Prime's ability to meet evolving customer expectations and regulatory requirements.
Opportunities	Resource Efficiency: Investments in energy- and water-efficient infrastructure present opportunities to reduce customer operating costs, improve resource productivity, and strengthen Prime's long-term competitiveness. Energy Source: Expanding access to low-carbon energy sources presents opportunities to reduce exposure to energy price volatility, support compliance with evolving regulatory requirements, and lower Prime's Scope 2 and Scope 3 GHG emissions. Products & Services: Growing customer demand for sustainable digital infrastructure presents an opportunity to differentiate Prime and better support customers pursuing their own climate and sustainability objectives. Market: As sustainability standards become a more important consideration in procurement decisions, Prime may be better positioned to access new customers and market opportunities that value lower-carbon digital infrastructure. Resilience: Proactively managing climate-related risks and opportunities strengthens the long-term resilience of Prime's business and supports our social license to operate. Transparent disclosure and continued sustainability progress help build trust with customers, investors, regulators, and the communities where we operate and positions Prime as a responsible operator in an increasingly sustainability-conscious market.

SCENARIO ANALYSIS

Prime uses scenario analysis to better understand how different climate futures may affect its business, strategy, and long-term resilience. Consistent with TCFD recommendations, Prime assessed both physical and transition climate-related risks across its global portfolio using purpose-built climate risk software.¹ The assessment considered multiple climate scenarios and time horizons to evaluate potential impacts and inform long-term planning and risk management.

Physical Risk Parameters		Transition Risk Parameters	
Scenarios			
SSP2 – 4.5	“Middle of the Road” scenario: A moderate emissions pathway projected to result in approximately 2.7°C of warming by the end of the century.	Net Zero 2050	“Ambitious” scenario: A pathway consistent with limiting global warming to 1.5°C through rapid decarbonization, strengthened climate policy, and technological innovation to reaching net zero CO ₂ emissions around 2050.
SSP5 – 8.5	“High Emissions” scenario: A high emissions pathway projected to result in approximately 4.4°C of warming by the end of the century.		
Time Horizons			
2030 (Short-term)		2030 (Short-term)	
2050 (Long-term)		2040 (Medium-term) ²	

¹ Prime’s 2026 climate risk assessment was conducted using AXA Climate Altitude software.

² Transition risk is not analyzed through 2050, as transition risks are much harder to predict long-term, thus reducing the accuracy and value of the analysis.

PHYSICAL RISK ANALYSIS

The table below summarizes the physical climate risks identified as high or medium risk across Prime’s portfolio, and the potential impacts these risks may have on Prime’s operations, assets, and long-term business performance.

Category	Risk	Potential Impact	Time Horizon & Risk Level
Physical – Chronic	Changing Mean Air Temperature	Increased cooling demand; reduced PUE; greater strain on mechanical systems; and higher operating, electricity, and maintenance costs.	Short-term Medium risk Long-term High risk
	Water Stress	Increased water costs; potential constraints on cooling operations in water-stressed regions; heightened regulatory and community scrutiny; and higher costs or reduced availability of water restoration credits.	Short- to Long-term High risk
	Subsidence	Foundation movement and structural damage; increased maintenance and remediation costs; and potential impacts on long-term asset performance and value.	Short- to Long-term High risk
Physical – Acute	Extreme Heat	Increased risk of cooling system performance challenges during periods of extreme heat, resulting in higher energy demand; increased operating costs; accelerated equipment wear; and potential service disruption.	Short- to Long-term High risk
	Hailstorm	Damage to building envelopes, rooftop equipment, and outdoor infrastructure (generators, cooling towers); potential service disruption; increased repair costs; and higher insurance premiums.	Short- to Long-term High risk
	Drought	Reduced water availability for cooling operations; increased water procurement costs; potential restrictions on water withdrawals; and operational challenges in water-stressed regions.	Short- to Long-term Medium risk
	Flood	Direct physical damage to facility infrastructure and critical systems; service disruption and associated customer, contractual, and reputational consequences; increased insurance premiums; and potential capital expenditure for flood resilience retrofits.	Short- to Long-term High risk
	Earthquake	Structural damage to facilities; operational disruption; higher insurance costs; and potential increased capital investment in seismic resilience and recovery.	Short- to Long-term High risk
	Subsidence	Foundation settlement and structural damage; increased maintenance and site stabilization costs; and potential impacts on long-term asset value.	Short- to Long-term Medium risk

TRANSITION RISK ANALYSIS

The table below summarizes the transition risks identified as high or medium risk across Prime’s portfolio of assets, and the potential impacts these risks may have on our business operations.

Category	Risk	Potential Impact	Time Horizon & Risk Level
Transition – Policy & Legal	Increased price of GHG emissions	Higher electricity and backup fuel costs resulting from carbon pricing or emissions regulations; potential increased capital investment in lower-carbon technologies and infrastructure.	Short- to Long-term Medium risk
	Climate-related disclosure and regulatory requirements	Increased compliance and reporting costs; additional resources required to meet evolving regulatory requirements; potential legal, financial, or reputational consequences from non-compliance.	Short- to Long-term High risk
	Regulation on energy efficiency & certification	More stringent efficiency standards or certification requirements may increase capital investment and operational costs while influencing customer procurement decisions and long-term contract negotiations.	Short- to Long-term High risk
Transition – Market	Shift in customer preferences	Customers may increasingly prioritize suppliers with demonstrated climate resilience and sustainability performance, affecting Prime’s competitiveness and ability to secure new business.	Short- to Long-term High risk
Transition – Technology	Emergence of lower-carbon technologies	Rapid advances in cooling technologies, alternative fuels, energy systems, and lower-carbon construction materials may require additional capital investment to remain competitive and meet evolving customer and regulatory expectations.	Short- to Long-term Medium risk
Transition – Reputation	Changing stakeholder expectations	Failure to demonstrate credible climate action or communicate progress effectively may affect Prime’s reputation with customers, investors, regulators, and surrounding communities.	Short- to Long-term Medium risk

OPPORTUNITIES

The transition to a lower-carbon economy presents opportunities for Prime alongside the risks described above. As customers increasingly prioritize sustainability and demand for energy-efficient digital infrastructure grows, Prime has opportunities to strengthen its competitive position, expand market access, and enhance long-term financial resilience. The table below summarizes the key climate-related opportunities identified across Prime’s portfolio.

Opportunity Type	Description	Time Horizon & Opportunity Level
Resource Efficiency	Investments in closed-loop cooling, LED lighting, and advanced controls improve resource efficiency, reduce operating costs, and strengthen long-term competitiveness.	Short- to Medium-term High Opportunity
Energy Source	Expanding access to lower-carbon energy sources may reduce exposure to energy price volatility, lower Scope 2 emissions, and support customers’ climate goals.	Short- to Medium-term High Opportunity
Products & Services	Growing demand for efficient, lower-carbon digital infrastructure creates opportunities for Prime to differentiate its facilities and support customers’ evolving sustainability objectives.	Short- to Medium-term High Opportunity
Market	Increasing customer and investor expectations for sustainability performance and climate-related disclosure may strengthen Prime’s ability to compete for new business and access capital.	Short- to Medium-term High Opportunity
Resilience	Climate-resilient site selection, infrastructure design, and risk management help reduce long-term physical risk exposure, support business continuity, and protect asset values.	Short- to Medium-term High Opportunity
Technology Innovation	Advances in AI-driven cooling optimization, next-generation liquid cooling, and other emerging technologies may improve operational efficiency, reduce emissions, and strengthen Prime’s competitive position.	Short- to Medium-term High Opportunity

RESILIENCE STRATEGIES

The table below summarizes key actions Prime is taking to reduce exposure to potential climate-related risks while positioning the company to capture opportunities associated with the transition to a lower-carbon economy.

Resilience Strategy	Risks Addressed	Description
Energy Efficiency	Transition (Policy & Legal)	Prime prioritizes energy efficiency through high-efficiency cooling systems, automated building management, and integrated monitoring technologies that optimize power usage in real time. These measures improve Power Usage Effectiveness (PUE), reduce customer operating costs and operational carbon intensity, and help mitigate transition risks associated with rising energy prices and potential carbon pricing.
Clean Energy Procurement	Transition (Policy & Legal, Market)	Prime has committed to matching 100% of operating data center electricity consumption with clean sources by 2030. In 2026, Prime procured renewable energy certificates (RECs) sufficient to match 100% of our market-based Scope 2 emissions. Combined with Prime customer procurement, this resulted in clean energy matching 68% of operating data center electricity consumption. By expanding the use of clean energy, Prime aims to reduce exposure to carbon-related regulatory and market risks while supporting customer sustainability goals and evolving stakeholder expectations.
Backup Power	Transition (Market)	Prime has begun transitioning backup generator fuel from traditional diesel to hydrotreated vegetable oil (HVO), a renewable fuel that can reduce lifecycle emissions while maintaining operational reliability. This transition supports reductions in Scope 1 emissions and helps mitigate transition risks associated with carbon pricing and fossil fuel dependency.
Embodied Carbon	Transition (Policy & Legal, Market)	Construction materials represent a significant source of lifecycle emissions for data centers. Prime is evaluating opportunities to reduce embodied carbon through lower-carbon materials, supplier engagement, and collaboration with industry partners. Prime participates in the iMasons Climate Accord Materials Working Group to help advance practical approaches for reducing embodied carbon across the industry. These efforts may help mitigate transition risks associated with evolving regulations, disclosure expectations, and customer sustainability requirements while supporting lower-carbon construction practices.
Water Stewardship	Physical (Chronic - Water Stress) Physical (Acute - Drought)	Prime uses closed-loop cooling systems and water-efficient facility designs to reduce operational water demand and limit exposure to water scarcity risks. Prime also purchases water credits equal to 120% of operating data center water withdrawals to support freshwater restoration projects. Together, these measures may help strengthen operational resilience while supporting community and stakeholder expectations in water-stressed regions.

RISK MANAGEMENT

IDENTIFYING, ASSESSING, AND MANAGING CLIMATE-RELATED RISKS

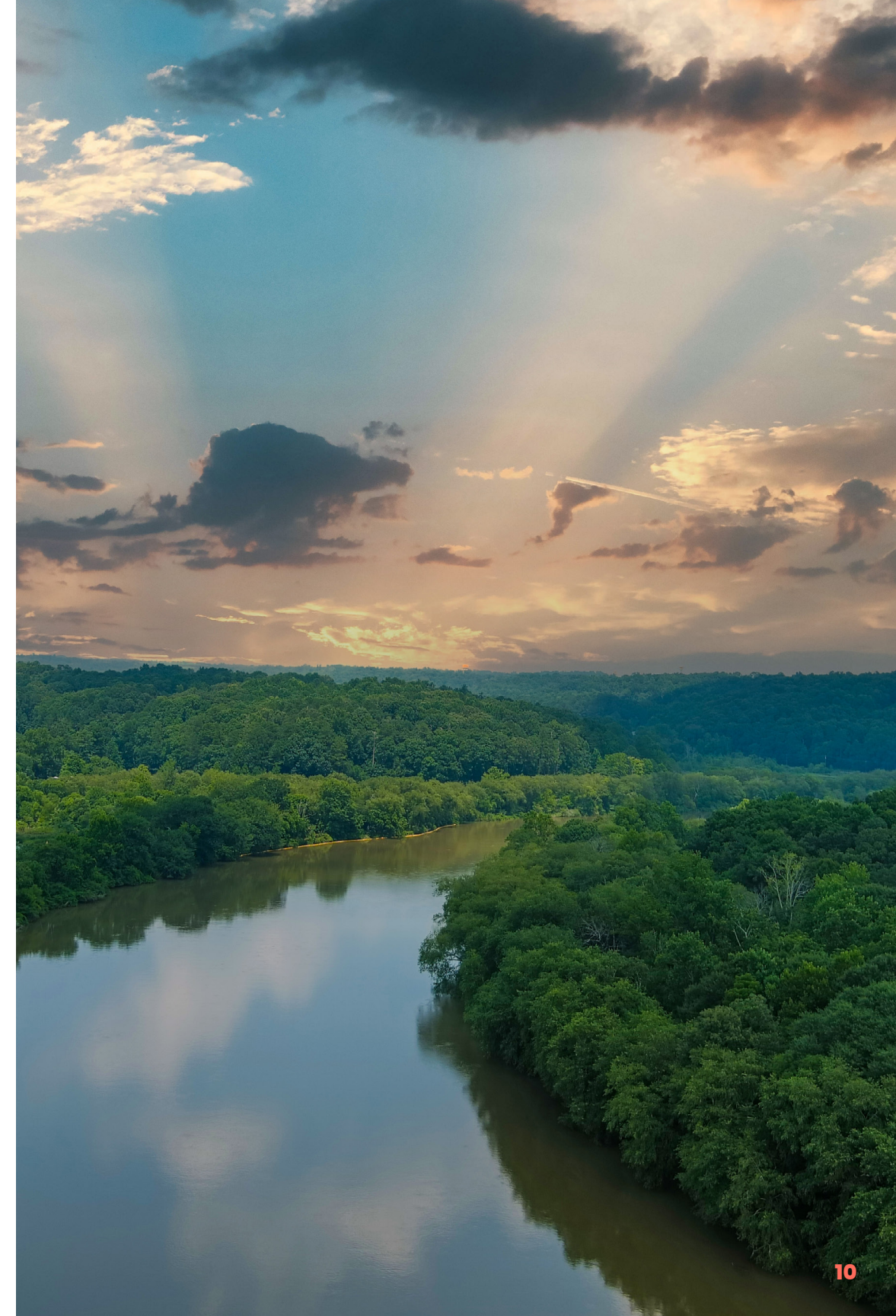
Prime Data Centers evaluates climate-related risks at both the portfolio and facility level using purpose-built climate risk software. The assessment process considers both physical and transition risks, including flooding, extreme heat, wildfire, high winds, regulatory developments, market shifts, and reputational factors. Risks are evaluated based on their potential financial impact, likelihood, and strategic significance across short- (2030), medium- (2040), and long-term (2050) time horizons.

The results help inform Prime's climate risk mitigation strategies, infrastructure planning, and broader business decision-making. Climate-related risks and opportunities are reviewed by senior leadership, with oversight led by the VP of ESG in coordination with executive leadership, and escalation to the Board of Directors as appropriate. Prime continues to monitor evolving climate-related risks through ongoing evaluation of changing climate conditions, regulatory developments, and market trends.

Specific climate-related risks are managed by the functional leaders best positioned to address them. The EVP of Power and Development and Director of Energy Procurement oversees energy market risks and clean energy opportunities. The Legal and Product Delivery Teams monitor evolving regulatory requirements and policy developments. Our Operations Team is responsible for maintaining our Business Continuity Plan to help prepare for and respond to operational disruptions.

METRICS & TARGETS

Prime tracks key operational and GHG emissions metrics to monitor performance, measure progress towards its climate-related commitments, and inform decision-making. These metrics are disclosed annually through Prime's Sustainability Report, found on [our website](#), to provide investors and other stakeholders with transparent, consistent, and comparable information.





PRIME

DATA CENTERS

We welcome your feedback and questions:
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