



CESCON
BARRIEU

KEY LEGAL CONSIDERATIONS REGARDING

DATA CENTERS IN BRAZIL

SEPTEMBER 2026

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DATA CENTERS
INDUSTRY
OVERVIEW



DATA CENTERS INDUSTRY OVERVIEW LATIN AMERICA



The demand for Data Centers in Latin America has grown with the development of technologies, like the **software-defined data center**, the **Internet of Things (IoT)**, and **disaster recovery**.

The size of Latin America's Data Center construction market in 2026 is estimated at

US\$ **5.72** billion

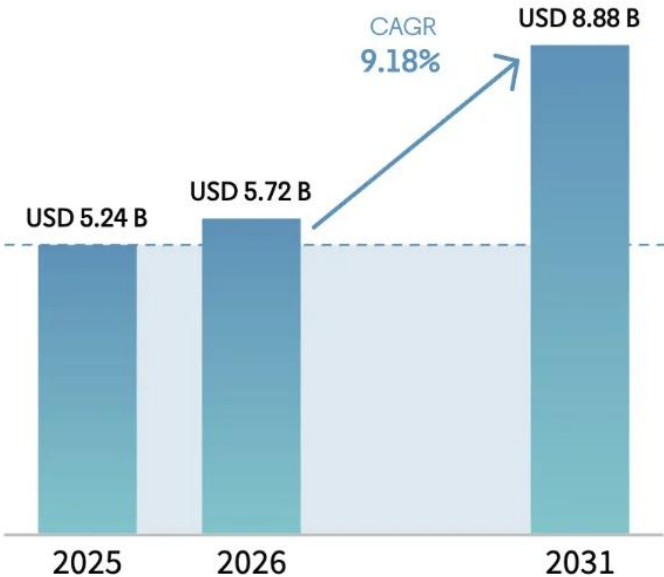
and is expected to reach US\$8.48 billion by 2031, growing at a CAGR of over

9.18%

during this period.

Source: Mordor Intelligence. Available [here](#).

LATIN AMERICA DATA CENTER CONSTRUCTION MARKET



DATA CENTERS INDUSTRY OVERVIEW LATIN AMERICA



The Latin American Data Center **industry is fragmented**, and the competitive rivalry is high.



Sustainable competitive advantage can be achieved through innovation in this market, due to the growing need for differentiated products for multiple applications.



Players are continually expanding their presence in the market by offering the most advanced technologies, thus increasing their revenues in the market.

MARKET CONCENTRATION



Consolidated - Market dominated by 1-5 major players



South America Data Center Construction Market

Fragmented - Highly competitive market without dominant players

Source: Mordor Intelligence. Available [here](#).

DATA CENTERS INDUSTRY OVERVIEW BRAZILIAN SCENARIO



Brazil is expected
to dominate
market share.

South America has
438 DATA CENTERS,
of which

218

ARE IN BRAZIL

Sources: Mordor Intelligence. Available [here](#).
Data Center Map. Available [here](#).

MARKET CONCENTRATION

Consolidated - Market dominated by 1-5 major players.



Brazil Data Center
Construction Market

Fragmented - Highly competitive market without
dominant players.

DATA CENTERS INDUSTRY OVERVIEW

MAIN PLAYERS IN BRAZIL



One of the most traditional technology companies, IBM has three operating data centers in Brazil.



Equinix owns and operates more than 220 data centers around the world. In Brazil, Equinix has 8 operating data centers.



Focused on the colocation segment, Ascenty has the largest number of data centers in Brazil among all providers, with 30 operational data centers and 6 under construction.



Brazilian technology services company that acquired Synapsis in 2014, now has data center facilities in Argentina, Brazil, Chile, Colombia, Mexico and Peru.



Tecto is one of Brazil's leading digital infrastructure providers, operating four data centers in the country, with additional expansion projects underway.



Brazilian-based company focused on hyperscale and large colocation, had 11 data centers in operation in Brazil as of August 2026.



Cirion has a network of 350 data centers worldwide, 12 of which are in Latin America (4 in Brazil).



Focused on colocation for hyperscale demand, Odata has 19 data centers operating in America, with 5 being in Brazil.



Operating only in Brazil since 2019, where it has been growing through acquisitions, Elea Digital is strongly focused on colocation services, with 9 data centers already operating in Brazil.



Terranova is a hyperscale data center developer focused on AI and cloud infrastructure. In Brazil, it is currently developing a large-scale campus in Campinas/SP.

DATA CENTERS INDUSTRY OVERVIEW

BRAZILIAN SCENARIO

Brazil is experiencing an expansion in the Data Center industry due to several factors, such as:

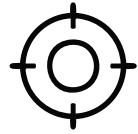
-  growing cloud computing needs
-  the increased presence of foreign cloud providers
-  the development of government regulations for local data security
-  increasing investment by national players
-  availability of abundant water and energy resources to support data center operations

Brazil's investment in the **IT industry**
and **telecom sector** will be around

US\$ **40-50** billion respectively.

The exponential advance of artificial intelligence may turbocharge this expansion.

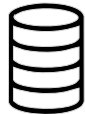
DATA CENTERS INDUSTRY OVERVIEW GREENSHORING



Greenshoring is a practice that prioritizes locating operations in regions with abundant access to **renewable energy** and **sustainable resources**.



The practice has emerged as a critical strategy in the data center sector, which has encountered challenges in maintaining its infrastructure in the US and Europe due to limitations on the availability of energy and water resources.



Data centers situated in regions that facilitate the reduction of carbon emissions enable alignment with broader sustainability goals.

THE KEY WORDS ARE



SUSTAINABILITY



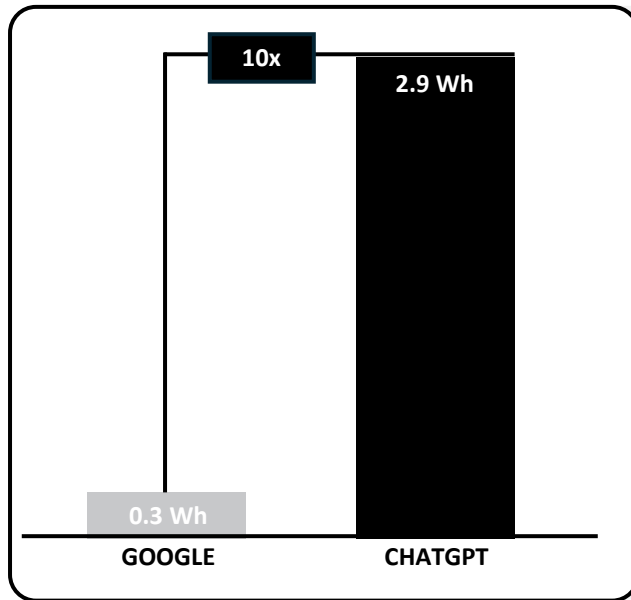
LOCALIZATION

DATA CENTERS INDUSTRY OVERVIEW

GREENSHORING



DATA CENTERS CONSUME SIGNIFICANT AMOUNTS OF ENERGY TO **POWER** AND **COOL THEIR SERVERS**.



A ChatGPT search consumes

10 ⚡

TIMES MORE

energy than a Google Search.

In Virginia (USA), which hosts the largest concentration of data centers globally:

THESE FACILITIES ACCOUNT FOR

20%

of the electricity usage in the northern region of the state.

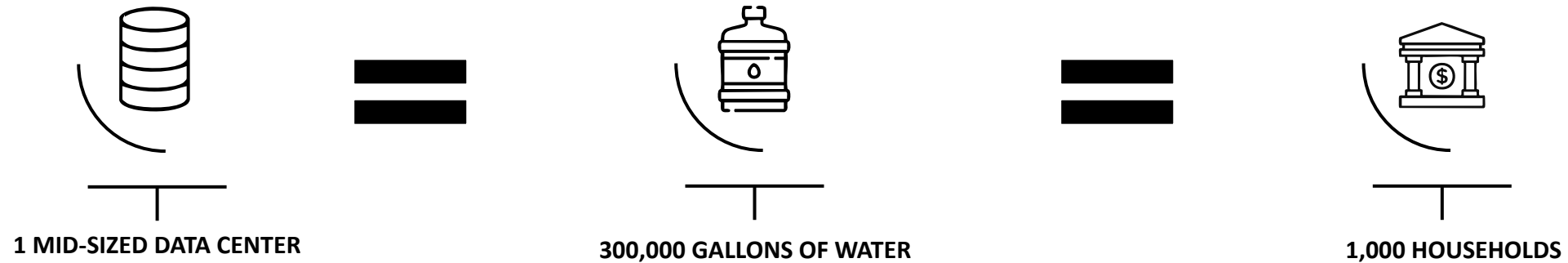
Brazil, with its abundant renewable energy resources (hydroelectric, biomass, solar and wind power) presents a highly attractive location for data centers seeking to reduce their carbon footprint.



DATA CENTERS INDUSTRY OVERVIEW

GREENSHORING

Water availability is a critical factor for the efficient operation of data centers, particularly given that water is extensively utilized in the cooling of servers. The daily water consumption of one mid-sized data center installed in the US is considerable, equivalent to the usage of approximately 1,000 households.



In regions where water resources are scarce or access to potable water is limited, data centers face challenges in sustaining operational efficiency, which can affect performance and operational costs.



This is an opportunity for Brazil, as it possesses approximately 12% of the world's freshwater reserves

DATA CENTERS INDUSTRY OVERVIEW

GREENSHORING

In the US, data centers predominantly use **evaporative cooling (open-loop towers)**. Brazilian data centers are adopting **closed-loop chilled water systems, air cooling, and immersion cooling** that eliminate or drastically reduce water evaporation losses.

WATER USAGE EFFECTIVENESS (WUE) COMPARISON

OPERATOR / STANDARD	WUE (L/kWh)	COOLING TECHNOLOGY
Microsoft (Global)	0.49 L/kWh	Open-loop evaporative towers
Amazon Web Services (Global)	0.18 L/kWh	Mixed (evaporative + direct)
REDATA requirement (Brazil, MP 1.318/2025)	≤ 0.05 L/kWh	Closed-loop chilled water systems
Brazilian Sustainable Taxonomy (TSB/MF)	WUE = 0	Air cooling / Immersion cooling

Brazilian political incentives requires

10x

more water-efficient than Microsoft
global average

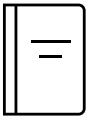
Sources: Parecer nº 1749 - Secretaria de Reformas Econômicas/MF (2025); Taxonomia Sustentável Brasileira (Min. Fazenda); PL 2.080/2025; MP 1.318/2025 (REDATA).

BILLS OF LAW



OVERVIEW: BILLS UNDER DISCUSSION

The Federal Senate is currently debating **Bill No. 3,018/2024**, which proposes specific regulations for data centers dedicated to AI. The bill aims to ensure that AI data centers operate with high standards of security, transparency, and efficiency. This initiative is part of a broader legislative effort to establish a regulatory framework for AI technologies in Brazil, in alignment with Bill No. 2,338/2023.



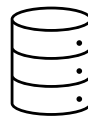
Clear guidelines for the installation and operation of ai-focused data centers



Promotes the use of renewable energy sources and environmentally sustainable practices



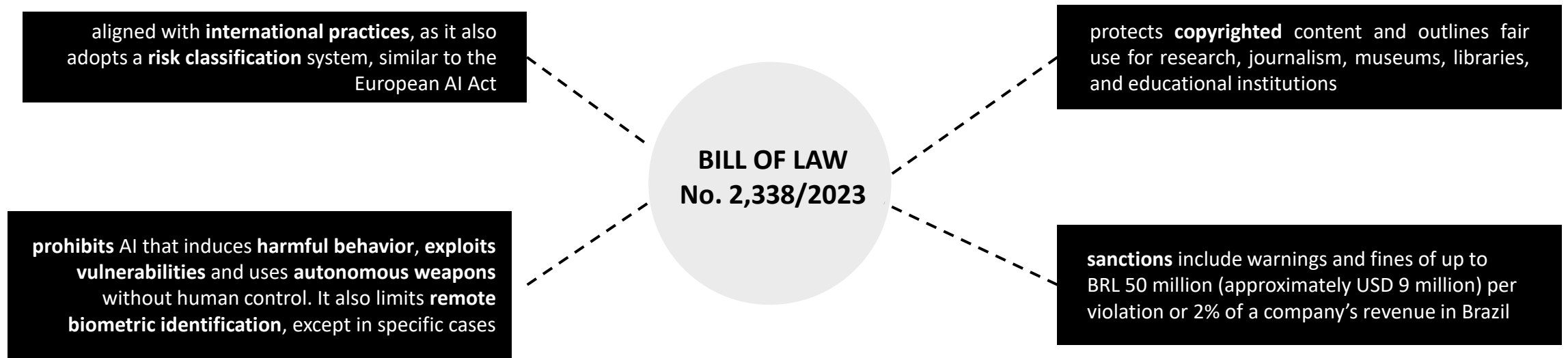
Defines standards for data auditability, control, and regulatory oversight



Attention to the LGPD, with provisions related to the protection and privacy of personal data

OVERVIEW: BILLS UNDER DISCUSSION

As AI systems rely on large-scale data processing and secure storage, compliance with AI regulations ensures that data privacy, security and ethical standards are upheld. AI regulation is under discussion in the form of **Bill of Law No. 2,338/2023**. The legal certainty and alignment with international practices sought by AI regulations are expected to attract investment and cultivate a competitive environment across various sectors linked to this technology, such as the data center sector.



Sources: Reuters. "Microsoft to make \$2.7 billion cloud, AI investments in Brazil. Available [here](#).
Reuters. Meta to inform Brazilians how it uses their personal data to train AI. Available [here](#).
Reuters. Brazil proposes \$4 billion AI investment plan. Available [here](#).

OVERVIEW: BILLS UNDER DISCUSSION

Bill No. 1,680/2025 institutes the National Data Center Policy, establishing rules on installation, operation, connection to the electrical system, and decommissioning, while also regulating the Data Embassy regime and amending Law No. 9,074/1995 to ensure priority access to energy transmission and distribution systems.

DATA EMBASSY

Storage or hosting of critical government data from other nations, legally treated as an extension of the national territory of the data's country of origin.

Principles: Principles of energy and water efficiency, critical infrastructure protection, digital sovereignty, regional deconcentration of data center infrastructure, competitiveness and innovation, and workforce development.

Priority Grid Access: amendment to Law No. 9,074/1995 granting priority access to transmission and distribution systems for data centers in subsystems with generation surplus, or those using instruments that foster sustainable generation expansion.

Consumer-Financed Grid Expansion (ICC): free consumers, individually or in consortium, may finance transmission expansion or reinforcement for dedicated or shared service, assuming all costs and risks, with no cost pass-through to other users.

Operator Liability Shield: the data center owner is not civilly, criminally, or LGPD-labile for stored or processed content under the owner's management when the service contract prevents the owner's team from accessing the data (except for failures in physical, logical, or cybersecurity infrastructure).

National-Interest Data Localization: data classified as being of national strategic interest, as well as data intended for national defense, public safety, and criminal investigation and prosecution activities, must be stored and processed exclusively in data centers located within Brazilian territory.

Status: Substitute bill approved by CCTI on 06/10/2026; awaiting consideration by the Finance and Taxation Committee

OVERVIEW: BILLS UNDER DISCUSSION

Bill No. 2080/2025 aims at the development and operation of data centers with energy and water efficiency, reducing environmental impacts and maximizing the social benefits of these infrastructures; it is known as National Policy on Energy Efficiency and Socio-environmental Sustainability for Data Centers.

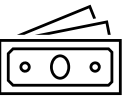
Proposal aligned with concerns about the environmental and social impacts of data centers



Presents objective criteria and targets, non-compliance with which may lead to sanctions against data center operators



Suggests establishing tax incentive mechanisms and technical support for data center operators, through the creation of specific credit lines and tax incentives



- Among the main aspects of Bill 2080/2025, the obligation for data center operators with installed demand equal to or greater than 100 kWh per month stands out:
- I. adopt **continuous monitoring systems** for measuring and controlling the energy performance of equipment and infrastructure,
 - II. **report their PUE and WUE indicators monthly,**
 - III. implement a **continuous improvement plan** for energy efficiency and water use, and
 - IV. integrate **renewable energy sources** to supply at least 60% of electrical demand by 2027 and 90% by 2035.

The text also provides for a **Data Center Energy Efficiency Fee** ("TEED"), and the possibility of establishing **tax incentive mechanisms**, including through the creation of specific credit lines.

OVERVIEW: BILLS UNDER DISCUSSION

Bill No. 5,209/2026 is the first federal legislative initiative dedicated specifically to the environmental licensing of data centers. It seeks to establish specific general rules for environmental licensing of data centers nationwide, reconciling digital infrastructure expansion with environmental protection and legal certainty.

Definition. Broad definition of “data center”: any facility for the processing, storage, treatment or distribution of data that permanently uses electricity, cooling systems and support infrastructure. CONAMA is tasked with setting classification criteria based on installed power, energy/water demand, cooling technologies, and waste/noise/heat emissions.

Energy Focus. Analysis of data centers’ energy demand on the security and continuity of electricity supply to the population is required. However, no mandatory energy-efficiency targets, renewable-sourcing requirements, or binding PUE indicators are set.

Water Protection. In water-scarce regions, licensing must require cooling technologies that minimize water consumption; water use may not compromise priority uses under the National Water Resources Policy nor the water security of local populations. The licensing authority may restrict or prohibit water use.

Monitoring: Medium and large data centers must submit an annual socio-environmental performance report covering water/energy consumption, efficiency, waste/effluent management, compliance with conditions, and effectiveness of mitigation measures.

Licensing Factors: Electricity demand/consumption; water capture/consumption; noise and heat emissions; cumulative and synergistic impacts; effects on traditional peoples and communities; locational factors including water basin availability, conservation units, and indigenous/quilombola territories.

Status: Introduced August 28, 2026; under committee consideration. No transition regime for existing projects.

DATA CENTERS

KEY LEGAL

CONSIDERATIONS



KEY LEGAL CONSIDERATIONS

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TELECOMMUNICATIONS



ENERGY



PROJECT FINANCE



REAL ESTATE



GOVERNMENT AFFAIRS



TAX



CONTRACTS

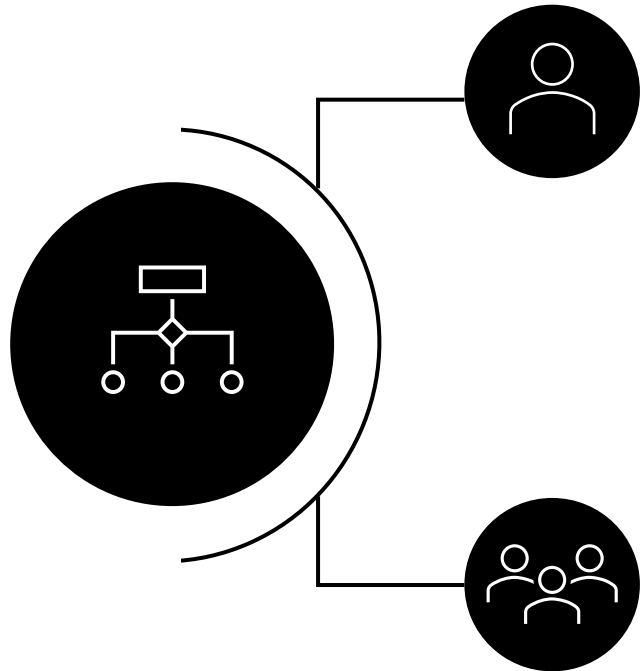


DATA PROTECTION



ENVIRONMENTAL LAW

TELECOMMUNICATIONS LICENSING



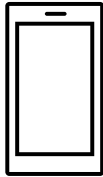
The use of its own telecommunications infrastructure to connect units of the same data center may require authorization from the National Telecommunications Agency, typically under the **Private Limited Service (SLP)** regime.

the performer's own use or provided to certain groups of users selected according to established criteria

When the data center operator starts to provide connectivity between the customer's facilities and its network (for example, to the point of presence – PoP), the activity characterizes the provision of telecommunications to third parties. In this case, authorization from the Multimedia Communication Service (SCM) is required.

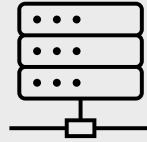
offer of capacity for transmission, emission and reception of multimedia information, including allowing the provision of internet connection to users

TELECOMMUNICATIONS EQUIPMENT CERTIFICATION



RESOLUTION NO. 715/2019

- Establishes the rules for certification of telecommunications products in Brazil.
- Telecommunications products are equipment, devices, or components that serve as essential or sufficient means for telecommunications.
- The use and commercialization of telecommunications products in Brazil requires, as a rule, prior approval by Anatel through homologation.

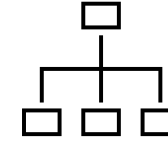


RESOLUTION NO. 780/2025

- Expands certification requirements to include data centers connected to telecommunications networks.
- Prohibits telecommunications providers from implementing or contracting new data center facilities without prior certification from Anatel.
- It requires existing facilities to comply with certification rules within three years.



The regulation is currently suspended by ANATEL pending further developments, following an industry request for annulment submitted in an administrative proceeding.



PUBLIC CONSULTATION NO. 48/2025

Submits for public comment the preliminary operating procedures and the corresponding technical requirements,

It details the criteria, steps, and parameters applicable to the certification and regulatory oversight of these infrastructures.

TELECOMMUNICATIONS

DIGITAL INFRASTRUCTURE FINANCING

INCENTIVIZED DEBENTURES

- + A public policy instrument to attract private capital to infrastructure projects designated as "priority" by the Federal Government.
- + Tax benefit: income tax exemption for individual investors, reduced rate for legal entities and non-residents.
- + Regulatory ordinance being prepared by the Ministry of Communications, with the possible inclusion of digital infrastructure.
- +  Data centers are eligible when functionally integrated into telecommunications networks.

INFRASTRUCTURE DEBENTURES

- + New regulatory framework that expands the model of Law No. 12,431/2011, focusing on long-term infrastructure projects.
- + Allocation of funds: at least 85% of the funds raised must be invested in infrastructure assets in Brazil.
- + Tax benefits equivalent to incentivized debentures.
- +  Data centers: facilities with integration with telecommunications networks can qualify as eligible infrastructure.

FUST

- + Source of funds: contributions from telecommunications service providers (1% of gross operating revenue).
- + Intended to finance the universalization of telecommunications services.
- + Scope expansion (Law No. 14,173/2021): connectivity in public schools, health units, public security, and rural areas.
- +  Data centers: Connectivity infrastructure projects that support expanded coverage can access funds from the fund.

FUNTTEL

- + Source of funds: contributions on revenues from telecommunications services (0.5%) and equipment manufacturers (1%).
- + Aimed at fostering technological innovation, development of new products/services and training of human resources in the sector.
- + Management: resources managed by BNDES and Finep, applied via reimbursable and non-reimbursable financing.
- +  Data centers: R&D projects in digital infrastructure, energy efficiency, and networking solutions may be eligible.

PROJECT FINANCE

TAX INCENTIVES FOR FINANCING

TELECOM INFRASTRUCTURE

Projects for development and implementation of data centers are mainly financed by BNDES (“FUST” credit line), international infrastructure funds, and local and international capital markets. Capital markets transactions entitle either the issuer, the sponsor, or investors to certain tax benefits. The chart below summarizes the applicable withholding income tax (WHT) rates levied on the earnings derived by the holder of key instruments utilized to finance such project locally:

INVESTOR (holder of the securities/debentures)	INCENTIVIZED LOCAL DEBT SECURITIES* (Law 12,431)	INFRASTRUCTURE LOCAL DEBENTURES (Law 14,801)	OFFSHORE BONDS (Incentivized debt securities issued abroad)
Resident individual investor	0%	WHT regressive table from 22.5% to 15%	-
Non-resident individual investor	0%	15%	0% (30% if paid to a foreign related party)
Tax haven-domiciled investor	25%	25%**	25%** (30% if paid to a foreign related party)
Resident Financial Institutions	15%	No WHT (yields are added to taxable income)	-
FIP-PD&I; FI-IE, FIC-FIP, FIEE, FIDC and FIS from tax-exempt corporate bonds	0%	10% on the redemption, amortization, or sale of shares or distribution of income, when distributed to tax exempt funds	-
Issuer	-	An additional exclusion of 30% of the interest and inflation related adjustments of the par value paid to the holders of the debentures, for Corporate Income Tax purposes	-

* Eligible incentivized local debt securities are debentures, real estate receivables certificates (“CRI”) and quotas of credit rights investment funds (“FIDC”).

** 25% rate also applies to foreign investors located in a jurisdiction subject to a privileged tax regime

PROJECT FINANCE

TAX INCENTIVE FOR DATA CENTERS - REDATA

REDATA is implemented through amendments to Law No. 11,196/2005 (“Lei do Bem”), giving legal and fiscal continuity to the sector. Its purpose is to relieve the federal tax burden on the physical infrastructure needed for data processing, cloud storage, and AI model training/inference, reduce the “Brazil cost” for industrial-scale data centers, and consolidate Brazil as a regional technology hub — currently ~60% of the data and AI used in Brazil is processed abroad.

On September 15, 2026, President Luiz Inácio Lula da Silva signed Bill No. 278/2026 into law as Law No. 15,504/2026, formally establishing the Special Tax Regime for Data Center Services (REDATA). **The law maintains the core structure of REDATA**, including the suspension of certain federal taxes on the acquisition and importation of equipment and infrastructure for qualifying data center projects, subject to compliance with investment and sustainability requirements. **REDATA is compatible with REPES (Special Tax Regime for the IT Services Export Platform) and includes a co-qualification mechanism extending tax benefits to eligible domestic ICT suppliers supporting REDATA projects.**

POSSIBILITY OF PARTICIPATION AS A

- a) **Qualified entity:** For legal entities implementing a project to install or expand data center services within Brazil; and
- b) **Co-qualified entity:** For legal entities that have a contractual relationship to supply information and communication technology products manufactured by them, either on their own initiative or by order, for incorporation into the fixed assets of users qualified under the Regime.

BENEFITS

SUSPENSION* of the following federal taxes on the acquisition of electronic components and other ICT products allocated to the fixed assets (ativo imobilizado) of qualified data centers:

- Import Tax (II) – only for products without equivalent domestic production (per federal Executive act)
- PIS/Pasep and Cofins contributions
- IPI (Excise Tax) – does not apply to products industrialized in the Zona Franca de Manaus (per federal Executive act)

VALIDITY PERIOD

The regime is effective for five years from implementation. Enrollment (habilitação) requires authorization from the Ministry of Finance (Ministério da Fazenda), upon proof of a project to install or expand data center services in Brazil.

* Suspension converts to ZERO RATE upon fulfillment of counterpart obligations, including incorporation of assets into fixed assets.

PROJECT FINANCE

TAX INCENTIVE FOR DATA CENTERS - REDATA

COMMITMENTS AND COUNTERPART OBLIGATIONS

To apply the benefits, eligible companies must cumulatively fulfill the following commitments

COMMITMENT	DESCRIPTION	OBSERVATIONS
Capacity Provision	Make available to the domestic market at least 10% of the data processing, storage and processing capacity to be installed with the benefits of the regime	Its allocation for export or personal use is prohibited in the absence of domestic demand. It can be supplied through non-onerous assignments to Institutions of Science and Technology (ICTs) and public authorities or other types of investments.
Sustainability	Meet the sustainability criteria and indicators defined in regulations	To be detailed in regulations pending enactment
Clean Energy	All the data center electricity demand must be fulfilled through PPAs or self-production from renewable or low emission sources	To be detailed in regulations pending enactment. Bill approved by Senate slightly modified the language versus Bill approved by Chamber of Deputies – the “low emission sources” opens a window for power supply based on natural gas and biofuels.
Water Efficiency	Present a Water Usage Effectiveness-WUE equal to or less than 0.05 L/kWh, with annual measurement	Strict control of water use
R&D Investments	Make investments in the country corresponding to 2% of the value of products acquired in the domestic market or imported with the benefit of REDATA in research, development and innovation projects	In partnership with ICTs (Science Technology and Innovation Institutions), educational institutions, state-owned companies or qualified social organizations

If the establishment is located in the North, Northeast, or Central-West regions, including the respective areas covered by regional development agencies, the commitments to provide capacity and invest in R&D will be reduced by 20%. In those cases, the domestic-market share may drop from 10% to 8%, and the R&D investment obligation from 2% to 1.6%. Additionally, at least 40% of all R&D resources generated by REDATA must be applied in those regions.

Failure to comply with the capacity provision requirement will result in the suspension of benefits for new acquisitions, which will automatically result in the cancellation of REDATA eligibility if the legal entity fails to remedy the violation within 180 days.

PROJECT FINANCE

PATH TO BANKABILITY



Power

- Firm interconnection capacity; limitation of grid load capacity may require reinforcements critical to completion.
- Contracted energy supply and redundancy; back-to-back approach to long tenor PPAs vs. long term colocation



Site and Water

- Clean title (preferable) or registered long-term lease, with easements for grid connection (as necessary).
- Water efficiency facilitates licensing and is crucial for access to REDATA tax benefits



Bankruptcy Remoteness

- Ring-fenced SPV, restricted payment conditions and limitation on additional indebtedness
- Broad collateral package (fiduciary liens), step-in rights and a controlled cash waterfall.



Revenue

- Long-term colocation or lease commitments with creditworthy counterparties, on a tenor matched to the debt.
- Long term agreements typically denominated in foreign currency; offshore financing as natural FX hedge
- Typical contract economics:
 - Minimum committed capacity
 - Ramp schedule, RFS date and delivery conditions
 - Escalation and pass-through cost of power
 - Service level credits, availability caps and downtime exposure



Construction and Completion

- Turnkey delivery at fixed price and date certain, with liquidated damages sized to cover those under the offtake agreements.
- Interdependence and interface risks when construction works for grid connection are required
- No-wrap construction packages may require enhancements such as sponsor support commitments, reserve accounts or completion guarantees.

TAX

TAXES LEVIED ON DATA CENTER SERVICES

DATA CENTERS ABROAD (FEDERAL REVENUE OFFICE)

Remittances should be taxed as import of services if purchaser of service is domiciled in Brazil.

EXPORT OF DATA CENTER-RELATED SERVICES

No PIS and Cofins (Indirect Tax on Revenue) or municipal services tax (ISS*) should levy - Corporate Income Tax (IRPJ) and Social Contribution on Net Profits (CSLL) must be paid.

DOMESTIC TRANSACTIONS

Potential levy of PIS and Cofins, IRPJ, CSLL and ISS.

ACQUISITION OF ASSETS

Tax benefits apply in some cases (CapEx reductions).

MUNICIPAL TAX - ISS

Potential levy of the municipal services tax (ISS) on Data Center activities: Contracts must be analyzed on a case-by-case basis.

Data processing is subject to a 2% to 5% ISS (depending on the municipality).

If there is no provision of services (e.g. pure rental), no ISS should be levied.

WHERE IS THE ISS DUE (IF THIS IS THE CASE)?

City where the provider is located.



TAX REFORM

Indirect taxation on Data Center transactions will be drastically changed when the new rules come into force, as new taxes (IBS, CBS, IS) will replace the current ones (ICMS, ISS, PIS/Cofins, IPI). Data Centers' domestic transactions will be subject to IBS and CBS – Exports will be exempt. The transition will take place between 2026 and 2032. The CBS will be fully in effect by 2027, and the IBS by 2033 (with a gradual implementation of the IBS occurring between 2029 and 2032).

*This scenario does not consider tax benefits, shown below.

DATA PROTECTION GOVERNANCE AND PENALTIES FOR NON-COMPLIANCE

Data Center operation is essentially about storing, maintaining, and processing digital information.

The Brazilian General Data Protection Act (“LGPD”) and the Marco Civil da Internet (Law 12.965/2014) require any company **that stores or processes data in Brazil** to maintain records in a controlled and secure environment and to adapt its policies and conduct to be in accordance with the law.

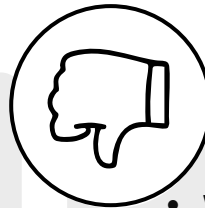


GOOD PRACTICES, GOVERNANCE AND SECURITY MEASURES

Governance & Privacy: Privacy by Design / by Default; Data Protection Officer (DPO); Privacy Impact Assessment Governance & Accountability Structure.

Physical Environment: Physical access control and surveillance; Redundant power and climate control; Fire and flood protection; Business continuity (dual-site infrastructure).

Technical & Administrative Measures: Encryption, access controls, network segregation; Continuous monitoring and vulnerability testing; Incident response and notification procedures; Security policies, audits, and supplier oversight.



PENALTIES FOR NON-COMPLIANCE WITH THE LGPD

- Warning with deadline for corrective measures
- Simple fine: up to 2% of revenue in Brazil (limit BRL 50M per infraction)
- Daily fine (same BRL 50M cap)
- Public disclosure of the infraction
- Blocking or deletion of personal data
- Partial/total suspension of database operations (up to 6 months, renewable)
- Partial/total suspension of data processing (up to 6 months, renewable)
- Partial/total prohibition on processing activities

Additionally, violations may result in fines of up to 10% of group revenue in Brazil, temporary suspension, or prohibition of data collection and storage activities*

*Marco Civil da Internet (Art. 12)

ENERGY

COST OPTIMIZATION AND RISK MINIMIZATION

Electricity is a major cost factor for data centers, with supply security being crucial due to the need for constant operation of equipment. Over the past two decades, Brazil has improved its energy security by diversifying its power sources.

The opening of the free energy market benefits energy-intensive consumers, including data center operators. Large consumers may also apply for direct access to Brazil's transmission grid, subject to available capacity and applicable regulatory and technical requirements.

Opportunities for optimizing energy costs include maximizing the Power Usage Efficiency (PUE), a standard efficiency metric for power consumption in data centers. PUE is the ratio of total facility energy to IT equipment energy used in a data center.

GREEN ENERGY

Brazil has a high degree of renewable electricity – 86.8% of the electricity generated comes from renewable sources such as hydroelectric, biomass, wind and solar.

ENERGY ACQUISITION OPTIONS

- A full supply contract with an energy supplier - Power Purchase Agreements (“PPAs”) - or self generation structures (allowing access to certain sector charges exemption).
- Assessment of energy storage solutions, based on sector regulation.

ACCESS TO/EXPANSION OF THE GRID

- Recent amendments to the regulation governing the Brazilian energy sector have (i) introduced competitive procedures for connection to the high-voltage grid in situations where no surplus capacity is available, and (ii) imposed on consumers an obligation to provide guarantees, both in order to request access and to execute connection agreements (such obligation was originally applied to power producers).
- The Federal Government organizes 2 to 3 auctions per year, with the purpose of securing the expansion of the transmission facilities required for the increase of renewable projects in the Brazilian mix as well as of large consumers.

REAL ESTATE KEY CONSIDERATIONS IN DATA CENTERS LEASE AND OWNERSHIP



COMMERCIAL LEASE

REAL ESTATE DUE DILIGENCE

Carrying out a real estate due diligence aimed at assessing: **(i)** the risks in leasing in relation to any liens on the property that may impact the lease; **(ii)** the owner of the property; and **(iii)** construction approvals and licensing.

LEASE AGREEMENTS

When negotiating a commercial lease, one should consider **(i)** preference for a long-term or short-term lease and the possibility of mandatory renewal and, additionally, also the execution of a built-to-suit lease agreement in the event of customization of the leased property to meet the lessee's specific needs, **(ii)** inclusion of specific provisions ensuring that the lease remains in force until its full term, even when the property is sold during the term of the agreement (effectiveness clause), and **(iii)** the lessee's right of first refusal to purchase the property in the event of a sale to a third party.

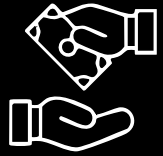
REGISTRATION COSTS

Lease agreements must be registered with the relevant land registry office for the lessee to be entitled to certain rights, which generates additional costs for the lessee.

LICENSING

An Operation License "LIF" from the local city government and a Fire Department Permit "AVCB" from the State Fire Department must be obtained to ensure compliance with urban zoning rules and that the building is suitable to be used for the activity being carried out.

REAL ESTATE KEY CONSIDERATIONS IN DATA CENTERS LEASE AND OWNERSHIP



BUILD AND OWN

REAL ESTATE DUE DILIGENCE

Real estate due diligence in the acquisition of property is more extensive and involves not only the issues observed in a commercial lease, but also the analysis of risks of fraud in the acquisition of a real property and assuming *propter rem* debts.

RESTRICTIONS ON THE PURCHASE AND LEASE OF RURAL PROPERTIES BY FOREIGNERS

Brazilian law imposes restrictions on the direct and indirect purchase and leasing of rural properties by foreigners or by Brazilian companies that are directly or indirectly controlled by foreigners.

TURNKEY APPROACH

An EPC Contractor delivers the whole project and agrees to engineer, procure, and construct.

REAL ESTATE COSTS

Real Estate related costs include architect, planning and design costs, building costs, costs for permits, costs for fire suppression and detection systems, notary costs, and costs of registrations of the agreements and annotation of the construction at the relevant land registry.

LICENSING

A qualified technical professional (engineer or architect) must obtain approval of construction or modification plans from the local city government and obtain the corresponding construction permit authorizing the execution of the intended works on the site, in addition to obtaining an LIF and AVCB when the project becomes operational.

- Cost-efficiency
- Risk management
- Single point of contact

GOVERNMENT AFFAIRS

IMPORTANCE OF GOVERNMENT RELATIONS IN DATA CENTER INDUSTRY



GOVERNMENT AFFAIRS

EVOLVING SECTOR REGULATION

- Legislation on personal data protection (LGPD)
- Information security, cybersecurity, and AI standards
- A single project requires simultaneous engagement across federal, state, and municipal levels.

GOVERNMENT INCENTIVES

- Tax incentive programs for digital infrastructure and modernization
- Public policies to attract investments in technology and critical infrastructure
- Tax reductions and logistical benefits in special zones.

COMPLIANCE AND RELATIONS WITH REGULATORY AGENCIES

- Dialogue with the National Regulatory Agency (“ANPD”)
- Interaction with infrastructure and telecommunications agencies
- Need for transparent relations for approval and operation

GOVERNMENT RELATIONS AS A STRATEGY

- Open public consultations and pending bills create a window to influence rules before they are settled, through participation in consultations, hearings, and sector positions.
- Ensure legal predictability and risk mitigation for operations

NEW AND COMPLEX MARKET

- A sector still developing in Brazil with potential for new regulations
- Anticipate obligations, reduce regulatory risk, and secure legal predictability.
- Need to monitor public discussions on digital infrastructure and innovation

OPPORTUNITIES IN ESG AND SUSTAINABILITY

- Collaboration with governments to promote sustainable solutions, such as clean energy and energy efficiency.

CRITICAL AND PRIORITY SECTOR FOR GOVERNMENTS

- Data centers as a foundation for digital transformation and data sovereignty
- Government interest in resilient, secure, and sustainable infrastructure

CONTRACTS

CONTRACTUAL ASPECTS IN DATA CENTERS OPERATION

SCOPE OF SERVICE

- Revenue contract type: triple net leases, master services agreements, and colocation agreements.
- Parties should assess the scope of services that the data center operator will perform under a service level agreement (SLA).
- Services could range from entire business processes or merely IT processes to the exclusive provision of IT infrastructure within the data center.

LIMITATION OF LIABILITY

- Parties should assess the validity of any limitation of liability provision regarding strict liability on a case-by-case basis.
- The limitation of liability of the data center operator should always consider the risk of cyber attacks and the adoption of appropriate preventive measures.

AVAILABILITY, PHYSICAL AND LOGICAL SECURITY

- Parties should ensure that the availability of the data center is well defined in the agreement, as well as procedures for physical and logical security.
- Data migration in case of termination.

ASSESSMENT OF SLAs; BANKABILITY

- Scope of the data center lease and the rights and obligations vary according to what was agreed by the parties.
- Remedies, such as service credits or termination rights.
- Parties to consider bankability issues, such as (i) the ability to use credit receivables to secure financings and (ii) termination rights.

WARRANTY CLAIMS

- Parties should evaluate the local enforcement of warranty claims waivers or limitations.
- For example, statutory warranty obligations of the contractor cannot be excluded from the General Terms and Conditions in many jurisdictions.

RISKS AND DOWNTIMES

- IT and Data Center services are prone to outages, require maintenance or updates, and may be subject to cyber attacks.
- Backup power, redundancy systems, and disaster plans; requirement for backup generators in case of power interruption.
- These and other adverse effects may lead to downtime and impact the availability of the data center.
- Attention to termination rights to avoid a termination by tenant or termination for convenience without penalty.
- Force Majeure, considering climate events.
- Price adjustments (e.g. increased energy costs or expanded capacity).

ENVIRONMENTAL LAW

ENERGY RAISES ENVIRONMENTAL CONCERNS

ENERGY CONSUMPTION

Data centers consume copious amounts of energy. This energy demand must be met without interruption to ensure seamless operations.

BACKUP GENERATION

Most data center operators prepare for contingencies by installing backup power sources. These often take the form of standalone diesel units on-site.

THE GREEN MOVEMENT

Investors in data center businesses are increasingly interested in “green” data centers. These centers prioritize not only maximum energy efficiency but also minimal environmental impact by looking at indicators such as Water Usage Efficiency (WUE), i.e., an indicator used to measure the amount of water required by a data center per unit of energy consumed.

REGULATORY CHALLENGES

Recent legislative developments, including the new environmental licensing law, may affect the permitting and development of data center projects. At the same time, the absence of a dedicated federal framework has prompted individual states to adopt their own rules and incentives, resulting in a fragmented regulatory landscape. Bill No. 5,209/2026, introduced on August 28, 2026, is the first federal initiative for the environmental licensing of data centers (see Bills of Law section).

RENEWABLE ENERGY OFFSETS

To achieve this green vision, data centers are turning to renewable energy offsets. Corporate Power Purchase Agreements (PPAs) facilitate the procurement of renewable energy credits.

PRACTICAL CHALLENGES

Despite the push for renewables, physically operating a data center solely on renewable power remains technically challenging. The need for 100% uninterruptible power complicates the transition.

CORPORATE PPAs

Most corporate PPAs involve customers seeking to offset their thermal energy consumption from the grid with renewable energy production.

COMMUNITY RELATIONS

The growing focus on the socio-environmental impacts of large-scale developments underscores the importance of identifying and adequately assessing such impacts on neighboring communities and traditional populations from the earliest stages of project development..

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Client at the center

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MEMBERS

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*partners included

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