

Space Hellas EU Taxonomy Report

Reporting obligations art.8, Regulation (EU) 2020/852



Introduction

The EU Taxonomy is a classification system, of activities that can under certain conditions be considered as environmentally sustainable or as activities that enable the transition to environmental sustainability. Under the Taxonomy regulation, companies and organizations can attract funds to develop their sustainable activities as well as expand them further, provided they meet certain criteria. Companies are expected to examine the alignment of their activities to the Taxonomy framework in order to determine the sustainability level of the said activities.

In the present report, the Group aims to present for the first time a detailed analysis of the said KPIs as well as supplementary information to illustrate such calculations. According to the current legislative framework, the obligation of businesses concerns the evaluation of their activities based on the respective technical screening criteria. Alignment with the said criteria is not an obligation for businesses under the EU Taxonomy framework. The Group has assessed its alignment with the technical screening criteria applicable to its activities based on the current interpretation resulting from legislation as well as the guidelines and related clarifications issued by the European Commission up to the time of publication of this report. However, the relevant directives leave room for interpretation and are constantly evolving to adapt to the needs of the process and the Union's climate goals. The EU's intention to gradually tighten the criteria to keep pace with its environmental goals is part of the framework. Therefore, eventual alignment of the economic activities of businesses with the EU Taxonomy based on the current criteria does not ensure their future alignment. The Group monitors the developments and will adjust its approach accordingly in terms of the assumptions and the methodology applied in order to report the required information in a clear and sensible manner.

Environmentally Sustainable Activities

In order to characterize an activity as environmentally sustainable in accordance with the Taxonomy Regulation (art.3, R.2020/852/EU), the following criteria will have to be met for each of the eligible activities:

- The activity contributes substantially to one or more of the environmental objectives set out in the Taxonomy framework
- The activity does not significantly harm any of the remaining environmental objectives
- The activity is carried out in compliance with the minimum safeguards
- The activity complies with technical screening criteria

At the time of publication of this report, the only technical screening criteria adopted under the Taxonomy relate to the first two objectives (Mitigation of climate change & Adaptation to climate change). For these two objectives, the European Union has established specific technical control criteria in accordance with the Climate Delegated Act (2021/2139/EU) as well as the Climate Supplementary Act (2022/1214/EU). These criteria will be used for the first assessment of the alignment of the Group's financial activities for 2022.

Activities contributing substantially to the Transition to a climate-neutral economy

In the context of the 1st environmental objective of the Taxonomy for the achievement of Climate Change Mitigation, the legislation distinguishes certain subcategories of activities, among which are the activities that "support the transition" alternatively termed "transitional activities" as defined in art.10, para.2 of the EU Taxonomy Regulation (2020/852). Specifically, the framework of the Taxonomy includes the possibility that for some activities it is not practically feasible (for economic and/or technological reasons) to operate with zero greenhouse gas emissions at the moment. However, as not all criteria in all activities are linked to GHG emissions, activities that meet some criteria and therefore qualify as 'aligned' despite their perhaps significant emission levels, are categorized in the sub-category 'transitional activities'. This category includes three possible cases of activities as shown below:

1. Activities that have greenhouse gas emission levels that correspond to the best performance in the sector or industry;
2. Activities that do not hamper the development and deployment of low-carbon alternatives and
3. Activities that do not lead to a lock-in of carbon-intensive assets, considering the economic lifetime of those assets.

Alignment with the criteria is continuously monitored, relevant data is published on an annual basis and included in the non-financial section of the annual financial statements. As part of this process, the Group publishes in the following section the key performance indicators associated with its activities eligible for Taxonomy purposes for the financial year 2022. The detailed presentation of the indicators (KPI) can be found in the respective tables at the end of this section.

Enabling Activities

Another subcategory of activities that could aid to the achievement of the objective of Climate change mitigation or any of the rest objectives set by the Taxonomy framework are the so-called “enabling activities”. An enabling economic activity can contribute substantially to the environmental objectives by directly enabling other activities to make a substantial contribution to one or more of those objectives, provided that such economic activity:

- does not lead to a lock-in of assets that undermine long-term environmental goals, considering the economic lifetime of those assets; and
- has a substantial positive environmental impact, on the basis of life-cycle considerations.

Group Activities

Space Hellas Group is a leader in the field of Information and Communication Technology (ICT) providing integrated solutions that combine different technologies such as Cloud-Based Services, IoT, Smart Cities and Cybersecurity. Moreover, it participates in numerous national and supranational research programs which develop and apply the most advanced technologies in many different applications. In 2022 the Group examined its performance towards the goal of Climate Change Mitigation within the Taxonomy framework on the basis of the following economic activities:

- 8.1 – Data processing, hosting and related activities
- 8.2 – Data-driven solutions for GHG emissions reductions

8.1 – Data processing, hosting and related activities

Taxonomy activity description:

This activity consists of the storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres, including edge computing.

An economic activity in this category is a transitional activity as referred to in the Taxonomy Regulation (EU) 2020/852 where it complies with the technical screening criteria set out in the relevant regulation.

Eligible Space Hellas group activity description:

The Group, as one of the leading System Integrators, undertakes the development/utilization of data centers with the aim of, among other things, the circulation and management of data as part of the projects it implements. By combining its expertise with the leading technological equipment, Space Hellas creates advanced systems that meet the needs of its customers. During 2022, the Group implemented projects of public interest in which the creation and use of data centers had a decisive role such as "SYZEFXIS II ICT" (fixed telephony services, internet access, mobile telephony, data packages, video conferencing, etc. to public bodies) as well as the "Electronic Panel" and related features and services in courts.

8.2 – Data-driven solutions for GHG emissions reductions

Taxonomy activity description:

This activity consists of the development or use of ICT solutions that are aimed at collecting, transmitting, storing data and at its modelling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions. Such ICT solutions may include, inter alia, the use of decentralized technologies (i.e. distributed ledger technologies), Internet of Things (IoT), 5G and Artificial Intelligence.

An economic activity in this category is an enabling activity as referred to in the Taxonomy Regulation (EU) 2020/852 where it complies with the technical screening criteria set out in the relevant regulation.

Eligible Space Hellas group activity description:

Space Hellas holds a leading position in the field of innovation as a company, with pioneering services in new technological trends such as Cloud Based Services, Internet of Things, Smart Cities, Big Data, Blockchain, AI, etc. These services also include the development of solutions that combine equipment such as state-of-the-art external sensors with networks such as IoT, 5G, in order to collect and analyze data and create models that will lead to the reduction of greenhouse gas emissions. One such project, which was implemented in 2022, was the "Installation of Weather Stations & Development of Web Portal Infrastructure" on behalf of the National Meteorological Service. During this project, in addition to the upgrade of the existing hardware and software infrastructure, new specialized meteorological products were created and the procedures for sending and receiving meteorological information were automated.

Assessment of compliance with the Taxonomy Regulation (2020/ 852/EU) and the technical screening criteria (2021/2139/EU)

Both of the Group's economic activities under the EU Taxonomy, follow very similar technical screening criteria, thus assessment for the activities' compliance was conducted jointly by the Group. A key element of the criteria for the climate objectives of Mitigation and Adaptation is the assessment of physical climate risks and vulnerability related to and affecting the activities in question. Space Hellas Group has already undertaken an initial process towards the assessment. Under its certified Business Continuity Management System, Space Hellas has identified two relevant physical climate risks, namely heavy precipitation and intense heat. Countermeasures have been designed for the identified risks, however this assessment is a continuous and lengthy process and the Group will carry on the development and improvement of it according to the relevant criteria and clarifying instructions.

Minimum Safeguards

The minimum social safeguards in internationally recognized human and labor rights, serve as the social pillar of the European Taxonomy ecosystem, guaranteeing the respect and upholding of human rights across the Group's activities. Space Hellas recognizes its responsibility as an entity, which is inextricably linked to the society in which it operates, influencing and being influenced by the circumstances of the modern era. The Company exercises due diligence to avoid any negative impacts and complies with human and labor rights standards as outlined in the OECD guidelines in the United Nations Guiding Principles and applicable legislation.

Human and labor rights, compliance with legislation and ensuring a healthy and safe working environment are key priorities for Space Hellas. The Company's most valuable capital, its people, are at the center of its actions and it takes care of their needs and recognizes their rights. At the same time, outside of its borders, throughout the scope of its value chain, the Company maintains high standards in its collaborations and promotes respect for human rights in its transactions. Finally, the projects, research and pioneering solutions of Space Hellas provide incomparable advantages and create new data in the digital evolution of every organization while at the same time causing great social impact. One such project is the Urban Security Management in Piraeus implemented by the Company and for which it was awarded a place at the Impact BITE Awards 2021.

Further information regarding the compliance with the minimum social safeguards is presented in the Group's annual Sustainability Reports, which is available in its website, in the following link:

<https://www.space.gr/en/sl/corporate-social-responsibility>

Qualitative information

Accounting Policy

The figures presented in this report have been calculated and are presented in accordance with the International Financial Reporting Standards (IFRS) that have been issued by the International Accounting Standards Board (IASB) and their interpretations. Their preparation requires estimations during the application of the Group's accounting principles.

Important admissions made by management towards the implementation of the Group's accounting methodology are presented wherever it has been deemed appropriate. The accounting principles used in the preparation of this report are presented in Note 4.5.2 of the Annual Financial Report.

The reporting obligations concern Key Performance Indicators (KPI) of turnover, capital expenditure and operating expenditure as well as the accompanying information on their interpretation and calculation.

- I. **Turnover KPI**. The proportion of Taxonomy-aligned/eligible economic activities from the total turnover has been calculated based on the turnover from services corresponding to Taxonomy-aligned/eligible activities (numerator) respectively, divided by the total turnover (denominator). As the services/solutions provided during the projects may fall under more than one economic activities of the EU Taxonomy, the Group decided to distribute the relevant revenues on the basis of the equipment. Therefore, in projects that included both data centers and data solutions development, the related revenues have been separated to reflect the differentiation of these costs. Finally, the total turnover of the Group is presented in Note 4.6.1 of the Annual Financial Report.
- II. **CapEx KPI**. The CapEx KPI is defined as Taxonomy-aligned/eligible Capex (numerator) respectively divided by total Capex (denominator). The total capital expenditure contains the additions to property, plant and equipment as well as intangible assets and right-of-use assets during the fiscal year, before accounting for depreciation, amortization and any remeasurements, including those resulting from any revaluations and impairments. The total capital expenditure is presented in Notes 4.6.7, 4.6.8, 4.6.9 of the Annual Financial Report. Since in 2022 there were no relevant capital expenses for any of the 3 CapEx categories, the entirety of the Group's CapEx was deemed to be non-eligible.
- III. **OpEx KPI**. The Opex KPI is defined as OpEx (numerator) related to aligned/eligible economic activities respectively divided by the total OpEx (denominator). The definition of EU Taxonomy for the operational expenses includes expenses for research and development, renovation of buildings, maintenance and repair, as well as any other direct expenses related to the day-to-day maintenance of property, plant and equipment. Total OpEx consists of direct non-capitalized costs relating to repair and maintenance (denominator). It does not include expenditures relating to the day-to-day operation of PP&E such as: raw materials, cost of employees operating the machine, electricity or fluids that are necessary to operate PP&E. Since in 2022 there were no relevant operational expenses for any of the 3 OpEx categories, the entirety of the Group's OpEx was deemed to be non-eligible.

Turnover KPI

Economic activities (1)	Code(s) (2)	Absolute turnover (3) €000	Proportion of turnover (4) %	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of turnover, year N (18) Percent	Taxonomy-aligned proportion of turnover, year N-1 (19) Percent	Category (enabling activity) (20) E	Category (transitional activity) (21) T		
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N							
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1 Environmentally sustainable activities (Taxonomy-aligned)																						
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			0			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																						
Data processing, hosting and related activities																						
Data-driven solutions for GHG emissions reductions																						
Turnover of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.1 + A.2)																						
Total (A.1 + A.2)																			0			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
Turnover of Taxonomy-non-eligible activities (B)																				106.291	83%	
Total (A + B)																				128.586	100%	

CapEx KPI

Economic activities (1)	Code(s) (2)	Absolute CapEx (3) €000	Proportion of CapEx (4) %	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of CapEx, year N (18) Percent	Taxonomy-aligned proportion of CapEx, year N-1 (19) Percent	Category (enabling activity) (20) E	Category (transitional activity) (21) T		
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N							
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1 Environmentally sustainable activities (Taxonomy-aligned)																						
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																						
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																						
CapEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.1 + A.2)		0	0%																			
Total (A.1 + A.2)		0	0%														0					
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
CapEx of Taxonomy-non-eligible activities (B)		7.590	100%																			
Total (A + B)		7.590	100%																			

OpEx KPI

Economic activities (1)	Codes (2)	Absolute OpEx (3) €000	Proportion of OpEx (4) %	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of OpEx, year N (18) Percent	Taxonomy-aligned proportion of OpEx, year N-1 (19) Percent	Category (enabling activity) (20) E	Category (transitional activity) (21) T		
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N							
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1 Environmentally sustainable activities (Taxonomy-aligned)																						
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																						
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																						
OpEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.1 + A.2)		0	0%																			
Total (A.1 + A.2)		0	0%													0						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
OpEx of Taxonomy-non-eligible activities (B)		372	100%																			
Total (A + B)		372	100%																			