

Annex 7. EU Taxonomy

Introduction

Regulation (EU) 2020/852 established a phased implementation of the regulation, starting with simpler regulatory requirements in 2022 and expanding them from January 2023. From January 1, 2024, all obligations come into force of disclosure of the Taxonomy for the objectives of Mitigation and Adaptation, requiring reporting based on Annexes I and II of the Delegated Act of Article 8 (2021/4987/UE), the latter updated with the Environmental Delegated Act and the Supplementary Delegated Act to the Climate Delegated Act. Alignment will then be reported in addition to the eligibility of economic activities, with all that entails quantitative and qualitative checks on the activities outlined in the Climate Delegated Act. With regard to the economic activities incorporated in the Environmental Delegated Act and the Climate Delegated Act Supplementary Delegated Act, non-financial companies will only disclose the proportion of economic activities eligible based on mitigation and adaptation objectives to the taxonomy. These disclosures will exclude activities not eligible in relation to revenues, CapEx, and OpEx. Additionally, qualitative information will be provided for technical screening criteria, DNSH, and minimum safeguards.

Consequently, following the regulations that apply from 2024 onwards, the analysis of eligibility and alignment of economic activities and the calculation of the KPIs to be disclosed this year with data from 2023 have been developed, explaining the reasoning and approaches used during the study.

Methodology

This section aims to provide details on how the process of calculating the different indicators of the Taxonomy has been approached, based on economic-financial data, and the phases established in the process. This exercise builds on the taxonomy project conducted since 2021 in preparation for disclosing information on the indicators linked to the taxonomy in the Integrated Annual Report for 2021, 2022, and 2023.

The process followed to determine the degree of alignment based on Taxonomy Regulation 852/2020/EU has followed the following steps:

1. Identification of business units
2. Classification of activities based on one or several NACE codes
3. Analysis of Cellnex's activities incorporated directly or indirectly in the Taxonomy
4. Assessment of eligibility by activity
5. Assessment of alignment by activity. This phase comprises:
 - i. Not causing any significant detriment to any of the other environmental objectives (DNSH).
 - ii. Being carried out in accordance with the minimum safeguards.
 - iii. Complying with the technical screening criteria established for each activity.
6. Obtaining evidence.
7. Extraction of financial indicators according to the methodology of the Disclosure DP and its subsequent amendments.

In each of the phases, quantitative and qualitative data and evidence have been collected for subsequent external verification and validation.

Identification of business units

The identification of large business units is based on the one developed last year with the confirmation and validation of the different business managers. Among these, the following were identified:

- Telecommunications Infrastructure Service (TIS): Co-location on mobile operators' infrastructures to facilitate the installation of their wireless broadcasting and telecommunications equipment. Offering a wide range of integrated network infrastructure services for mobile networks, wireless, and broadband telecommunications operators.
- Audiovisual broadcasting networks and infrastructures: The broadcasting activity includes the distribution and transmission of television and radio (FM) signals, the operation and maintenance of broadcasting networks, the provision of connectivity for media content, OTT broadcasting services (over-the-top multiscreen services), and other related services.
- Network services and others: Cellnex includes services ranging from the design, installation, operation, and maintenance of Wi-Fi and mobile telephony networks (2G, 3G, LTE/4G) to roaming and downloading services. This activity includes connectivity services for telecommunications operators (excluding broadcast operators), radio communication, operation and maintenance services, commercial services, Smart Cities/IoT ("Internet of Things"), and other related services.
- Investment in R+D+i: Cellnex dedicates part of its budget to research, development, and implementation of innovative solutions that have enabled the company to anticipate radical changes that have occurred in the sector, such as the example of 5G technology, the Internet of Things or Infrastructure Services for telecommunications.

The result of this analysis was a list of specific economic activities for each of the three large branches described, providing definitions for each of them and the necessary details to define a specific NACE.

Telecom Infrastructure Services	Broadcasting infrastructure	Other network services
TIS	Broadcast	IoT
5G	Internet Media	Smart Services
Engineering Services		MCPN
Fiber		Connectivity
Utility fee		O&M
LTE		Other income
Pass through		
Others TIS		
DAS BL		
Land Aggreg.		
Datacentres		

This level of detail allowed us to start considering how the various business align with the statistical definitions of different economic activities.

Taxonomy eligibility assessment per activity

Based on the identification of different economic activities and their respective descriptions, a NACE code was assigned to each of them. This code, along with the definition of each activity, served as the basis for the eligibility analysis.

In the eligibility and alignment analysis, activities were differentiated and classified according to the KPIs analysed (revenue, CapEx, and OpEx), as some activities only appear in certain defined items. The OpEx KPI is not shown in the following sections because it has been considered a non-material indicator. As established in Annex I of the Delegated Disclosure Act (Art. 8), referring to Regulation 2020/852/EU, point 1.1.3.2, those non-financial companies that consider that Opex is not a material indicator for their model of business, are exempt from calculating the numerator of the Opex KPI. The company considers that the OpEx margin for the calculation of the Taxonomy is not material. Primarily, in accordance with IFRS 16 accounting standards, the most significant item (rental costs) is reflected in financial interest and amortisation in the company's financial statements. Therefore, this causes the company having a very high operating leverage and margin.

Operating income

For each of the business activities, it was validated whether they actually fit with the proposed Taxonomy activities. The approach of this task helped to outline the final eligible activities in relation to those incorporated in the Climate Delegated Act and the Environmental Delegated Act.

In this third year of validating the eligibility of economic activities conducted by Cellnex, the following list was defined

Business Unit	Eligibility based on Taxonomy (Activity)	Environmental objective	Type of activity
Datacentres	8.1. Data processing, hosting and related activities	Mitigation CC	Transition
Broadcast ⁵⁰	8.3. Radio and television programming and broadcasting activities	Adaptation CC	Adapted
Internet Media	8.3. Radio and television programming and broadcasting activities	Adaptation CC	Adapted
IoT Utilities	4.1 Provision of water leakage detection services	Water and water resources	Facilitator
IoT Smart Services	8.2 Data-driven solutions to reduce greenhouse gas emissions	Mitigation CC	Facilitator
Mission Critical (MCPN)	14.1 Emergency services	Adaptation CC	Adapted - Facilitator ⁵¹

As regards Cellnex's operating income, the specific economic activities included in the headings of Telecommunications Infrastructures, Broadcasting Infrastructures and other network services have been considered. The following table shows the adjusted EBITDA items of the different lines as published in the annual accounts.

Operating income (Thousands of Euros)		
	31 December 2023	31 December 2022
Telecommunications Infrastructure Services	3,680,767	3,159,629
Broadcast Infrastructures	230,027	223,497
Other network services	138,429	112,054
Operating income	4,049,223	3,495,180

Revenues by typology		
	31 December 2023	31 December 2022
Services (Gross)	3,808,059	3,251,155
Other operating income	245,147	247,467
Advances to customers (Note 13.b)	(3,983)	(3,442)
Operating Income	4,049,223	3,495,180

If we now focus on the reason why each of the activities has been considered eligible, we must take into account the following points:

- **Datacentres:** This activity fits perfectly within the definition of activity 8.1 Data processing, hosting and related activities as a whole. Revenues are derived from the rental of "Racks", physical spaces designed to house servers, networking devices, cables or other data centre computer equipment. These racks are leased within each data centre to independent customers. Cellnex is engaged in maintaining the conditioned space to store and operate IT or telecommunications equipment. Although this activity is presented in Annex I and II of the Climate Delegated Act, it has been considered more closely linked to the former. Data centres contribute to optimising the performance and processes of computer systems in infrastructures with stable and secure environments. Cellnex is making progress in the decarbonisation and efficiency of these centres.
- **Broadcast:** The activity carried out by Cellnex is directly related to radio and television broadcasting services, an aspect included in the definition of activity 8.3 Radio and television programming and broadcasting activities. This line of business is based on the broadcasting of third-party television signals from Cellnex's telecommunications infrastructures. However, the revenues derived from this activity have not been included in the revenue indicator (%) as they are considered, at accounting level, to be revenues from an eligible "adapted" activity and cannot be included in the numerator.
- **Internet Media:** The activity in question involves television broadcasting via the Internet, a nuance included in the definition of activity 8.3 Radio and television programming and broadcasting activities, considering that the technology used for broadcasting is not discriminated against. Cellnex is engaged in the technological development and management of television broadcasting platforms via the Internet. However, revenue derived from this activity has not been included in the revenue indicator (%) as it is considered, at the accounting level, as revenue from an eligible 'adapted' activity and cannot be included in the numerator."

⁵⁰ These activities have not been included in the calculation of the numerator of the revenue indicator, but are included in the list of adapted activities. Cellnex has a climate risk analysis developed in accordance with the recommendations of the TCFD, which identified the climate risks faced by the company and has developed an adaptation plan for those assets that require it.

⁵¹ According to the report "DRAFT COMMISSION NOTICE on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (second Commission Notice)", instead of two typologies of adaptation activity (Adapted or Enabling) are defined, a third one considered Adapted - Enabling for those that fit the text "Where an economic activity in this category complies with the substantial contribution criterion specified in point 5, the activity is an enabling activity as referred to in Article 11(1), point (b), of Regulation (EU) 2020/852, provided that it meets the technical screening criteria set out in this Section".

- **IoT - Utilities:** The IoT business carries out two distinct activities. IoT Utilities involves projects related to the connectivity and data transmission of electronic water meters, aiming to monitor consumption, enhance incident management, and ensure smart control of the water distribution network. In 2022, the activity was considered eligible under mitigation activity 7.5 Installation, maintenance, and repair of instruments and devices to measure, regulate, and control the energy efficiency of buildings. However, the publication of the activities under the water and water resources objective has improved the classification by making use of activity 4.1 Provision of IT/OT data-driven solutions for leakage reduction, the final objective of the service.
- **IoT - Smart Services:** The other facet of the IoT business focuses on Smart Services, digital solutions provided by Cellnex as an intelligent information management tool with the aim of establishing Smart Cities or Smart Regions. Cellnex's services fall under "Internet of Things" services, establishing sensor networks and integrating other data sources into transversal digital management systems to improve mobility management, increase energy efficiency, reduce resource consumption, improve waste management, and decrease atmospheric pollution. This integrated information management tool, aimed at improving energy efficiency, has been considered eligible under Mitigation activity 8.2 Data-driven solutions to reduce greenhouse gas emissions. Based on the technical screening criteria of activity 8.2, it demonstrates a contribution to climate change mitigation by providing data and analysis to reduce GHG emissions, or the ICT solution demonstrates a substantial reduction in GHG emissions throughout its life cycle compared to the best performing alternative solution or technology.
- **Mission Critical (MCPN):** The activity provides highly reliable and secure broadcasting services to public emergency services such as fire, civil protection, maritime rescue or police, which are key for resilience to acute climate events. Radio connectivity for emergency services was considered eligible in 2022 under adaptation enabling activity 8.3 Radio and television programming and broadcasting activities due to its key contribution to climate risk resilience. However, a new adaptation activity has been published in 2023 that specifically includes telecommunication services under 14.1 Emergency Services.

The most relevant revenue item for the group, Telecommunications Infrastructure Services (TIS), which represents approximately 67% of sales, could not be included in the eligibility calculations. This is because, within the environmentally sustainable economic activities outlined in the regulation, there is not yet an activity that aligns with the operations conducted by Cellnex. TIS's activity is based on the operational efficiency of telecommunication towers, an activity with a high positive impact as described above. The omission of environmentally sustainable services related to wireless and wired network connectivity represents a notable detriment in assessing the environmental sustainability of Cellnex's business. The lack of development of the Taxonomy damages the transparency of a company whose main business is linked to efficiency.

CAPEX

The numerator of the CapEx indicator, which is required to be reported under the Taxonomy regulation, states that the following investments can be counted as eligible/aligned:

- Those related to assets or processes associated with economic activities aligned with the Taxonomy.
- Those that are part of a plan to expand economic activities aligned with the taxonomy or ensure alignment with the taxonomy (CapEx Plan). This is not yet the case for Cellnex.
- Those related to the purchase of output from economic activities aligned with the Taxonomy or individual measures to facilitate low carbon economic activity (mainly focused on Installation, maintenance and repair of energy efficient equipment, charging stations for electric vehicles, instruments and devices to measure, regulate and control the energy efficiency of buildings or renewable energy technologies).

In general, Cellnex distinguishes its investments in:

Investment (Thousands of Euros)		
Capital expenditures	31 December 2023	44926
Maintenance capital expenditures	138,884	107,726
Expansion (or organic growth) capital expenditures	458,193	349,553
Expansion capital expenditures (build-to-suit programmes) and remedies	936,899	2,133,206
Expansion capital expenditures (build-to-suit programmes)	1,568,330	2,282,650
Remedies ⁽²⁾	(631,431)	-149,444
M&A capital expenditures	695,969	4,881,163
Total investment ⁽¹⁾	2,229,945	7,471,648

- **Maintenance:** Investments in existing tangible or intangible assets, such as investments in infrastructure, equipment, and information technology systems. Mainly linked to keeping the assets in good working order, but excludes investment to increase the capacity of such businesses.

- Expansion (or organic growth): Adaptation of mobile telephony infrastructures for new customers, land leases (including upfront payments and renegotiations), and other efficiency measures related to energy and connectivity. It also involves adapting infrastructures to increase site capacity. All of this corresponds to investment related to business expansion, which generate additional Leveraged Recurring Cash Flow (including decommissioning, telecom site adaptation for new tenants, and prepayments of land leases).
- Expansion (build-to-suit projects): Corresponds to committed build-to-suit programmes, consisting of towers, backhaul, backbone, edge computer centres, DAS nodes or any other type of telecommunications infrastructure, as well as any related upfront payments or Engineering Services to different customers. This may include any ad-hoc maintenance capital expenditure that may be required by any service line.
- Inorganic: This refers to investment through business combinations (excluding deferred payments in business combinations that are payable in subsequent years), as well as investment through the acquisition of site or land packages (asset purchases).

For each of these categories, specific investment items have been identified, and after an analysis of their alignment with the definitions, they are considered eligible. Most of these stem from investments in the expansion and maintenance of eligible activities. However, investments in outputs of alienated activities are also included. The corresponding table is given below:

Investment item	Eligibility based on Taxonomy (Aligned Activity)	Environmental objective
Datacentres	8.1. Data processing, hosting and related activities	Mitigation CC
IoT Utilities	4.1 Provision of water leakage detection services	Water and water resources
IoT Smart Services	8.2 Data-driven solutions to reduce greenhouse gas emissions	Mitigation CC
Broadcast ⁵²	8.3. Radio and television programming and broadcasting activities	Adaptation CC
Internet Media	8.3. Radio and television programming and broadcasting activities	Adaptation CC
Mission Critical (MCPN)	14.1 Emergency services (related to emergency telecommunication services that increase resilience to climate hazards)	Adaptation CC
Energy efficiency (air-conditioning + equipment)	7.3. Installation, maintenance and repair of energy-efficient equipment	Mitigation CC
Renewable energy	7.6. Installation, maintenance and repair of renewable energy technologies	Mitigation CC

⁵² These activities have not been included in the calculation of the numerator of the CapEx indicator but are included in the list of adapted activities. Cellnex has a TCFD analysis which identified the climate risks faced by the company and has developed an adaptation plan.

While the eligible activities have been defined in the previous revenue section, some of which are listed in the table above, two new activities have been added for the CapEx indicator.

- Efficiency Capex (Energy): Although this activity has not been included in the revenue section due to the fact that it does not generate billing, it has been included in the investment section. This investment item is considered eligible as it is related to the purchase of output and investment in economic activities aligned - for the time being eligible - with the Taxonomy or individual measures to facilitate low carbon economic activity. This investment item includes emissions focused on reducing the company's consumption through the implementation of more efficient equipment, remote control systems, or the installation of solar panels for the company's own consumption.
 - 7.3. Installation, maintenance and repair of energy efficiency equipment; includes investments mainly for efficiency in refrigeration equipment.
 - 7.6. Installation, maintenance and repair of renewable energy technologies. Mainly linked to investments in photovoltaic solar energy.

Assessment of alignment to the Taxonomy by activity

In this phase, the requirements established in Article 3 of Regulation 2020/852/EU for an activity to be considered environmentally sustainable have been assessed. In addition to the point of contributing to one or more environmental objectives that has been previously assessed (Eligibility), compliance with the rest of the criteria has been verified:

- Comply with the Technical Selection Criteria (TSC) established for each activity.
- Do Not Significant Harm (DNSH) to any of the other environmental objectives.
- Be carried out in accordance with the minimum guarantees established.

All four points established in Art.3 must be met simultaneously for an activity to be considered environmentally sustainable. To analyse the degree of alignment of each activity, an eligibility screening was first carried out, and then a verification of compliance with the criteria for Do Not Significant Harm (DNSH), minimum guarantees and Technical Selection Criteria (TSC). To ensure a correct alignment analysis, Cellnex has exhaustively examined these criteria and points, working in parallel to meet each of the points that the alignment process marks.

The technical selection criteria (TSC) and DNSH principles of each of the activities identified as eligible for Cellnex are discussed below.

Datacentres

Activity	Eligibility based on Taxonomy (Activity aligned if compliant with STS and minimum guarantees)	Environmental objective	Type of activity
Datacentres	8.1. Data processing, hosting and related activities	Mitigation CC	Climate transition

Cellnex has data centres in Spain, France, and the Netherlands, with the majority located in the latter two countries. The approach taken to analyse the alignment of technical selection criteria was based on the following:

1. Initial filtration of sites with R32, the only refrigerant gas used by Cellnex with GWP ≤ 675. For sites with more than one refrigerant gas in the equipment, only a partial site alignment has been considered when R32 is available.
2. With the list of filtered centres, the degree of compliance with the EU Code of Conduct Questionnaire has been assessed at a percentage level by means of an external audit carried out by TÜV Rheinland.

The refrigerant gas data collected for calculating the verified carbon footprint under the ISO 14064 standard facilitated the analysis of data centres where all or part of the refrigerant gases had a GWP of less than or equal to 675. Some data centres use multiple cooling units to regulate different rooms, so for those centres where compliant gases did not constitute the entirety, partial alignment awards were granted based on the weight of the refrigerant gases. Practically, this criterion was analysed prior to the best practices of the code of conduct, excluding centres without an adequately advanced refrigeration system.

To comply with the second CTS, a working group was organised to analyse in detail the European Code of Conduct on Data Centre Energy Efficiency, starting with the review of the 2023 Best Practice Guidelines for the EU Code of Conduct on Data Centre Energy Efficiency, the Participant Guidelines v.3.0.0 and the Reporting Form 14.2 spreadsheet. Once the requirements established for participants with colocation characteristics, as is the case of Cellnex, had been analysed, a meeting was held with the heads of the Joint Research Center, who provided guidance for completing the best practices questionnaire.

Once the operations managers of each data centre had completed the corresponding EU Code of Conduct questionnaires, the information was provided to the auditor (TÜV Rheinland) to verify compliance with best practices in energy efficiency and ensure compliance with the CTS for those centres that had the technical characteristics and basic information to demonstrate alignment.

The result of the TÜV Rheinland Verification was a list of 31 Datacenters, out of a total of 89, with a differentiated degree of alignment according to refrigerant gases and the 2023 Best Practice Guidelines for the EU Code of Conduct on Data Centre Energy Efficiency V 14.1.0.



The explanation of each point of the DNSH that applies to the activity is shown below:

2. Adaptation: The activity complies with the criteria set out in Appendix A of this Annex.

Cellnex conducted a Climate Change Adaptation Plan for 2022, which consists of two distinct parts: (i) the first focused on analysing the climate risk of all its assets, and (ii) the second focused on proposing adaptation activities and recommendations for assets at risk. In general terms, the project followed 5 steps:

1. Prioritisation of climate variables based on lists from international climate-related platforms, such as the European Environment Agency (EEA), the World Meteorological Organisation (WMO), the Intergovernmental Panel on Climate Change (IPCC), as well as the list of variables incorporated in Annex A of the Climate Delegated Act of the EU Taxonomy.
2. Obtaining and modelling climate information, data, and statistics from the most advanced climate data storage platforms on the market. These data are obtained for the periods 2011-2040 and 2041-2070, covering the 50-year average useful life of the assets. At the same time, the worst case scenario of the RCP 8.5 trajectory has been used to obtain the worst case scenario, adopting a conservative approach. Data have been obtained from the Copernicus Climate Data Warehouse (ECMWF), the European Environmental Agency, as well as from regional projections obtained from EURO-CORDEX CIMP5 and CIMP6, with resolutions down to 1km resolution.
3. Analysis of exposure, vulnerability, and likelihood of damage to assets through the use of prioritisation matrices, geographic information systems, statistical data, and technical information for each infrastructure analysed.
4. Quantification of the final climate risk through the use of models fitted per climate variable that provide a final risk value, taking into account synergies between variables.
5. The proposal, quantification, and approach of adaptation solutions for each type of asset and climate risk.

The specific result obtained for data centers has been used to define the final alignment degree.

3. Sustainable use and protection of water and marine resources.

The Cellnex Water Availability Footprint, based on ISO 14046:2018, analyzes the availability, consumption, and impact on bodies of water. The analysis includes companies that incorporate data centres (MBA Datacenters, Towerlink France S.A.S, Alticom B.V, OnTower Telecom Infraestructuras S.A.U), examining whether the consumption and impact on bodies of water are relevant to the activity, as well as direct and indirect consumption. From the result of the Water Availability Footprint, it is defined that only 0.1% is linked to direct impact and 99.9% to indirect, with 45% of the footprint in upstream and downstream operations. Water consumption has been considered non-material for the business, extending it also to the data centres.

Regarding the Environmental Impact Assessment, in accordance with the transposition of Directive 2011/92/EU on EIAs, all studies include a mandatory analysis of the environmental vector water, assessing potential physical and biological impacts.

4. Transition to a circular economy

Cellnex is a neutral "collocator" that offers control and management of the space (data centre) by measuring temperature, humidity, providing power, without installing its own equipment, leaving customers with a space to install their servers. Thus, this category would apply to the operators of the servers and not to the space managed by Cellnex.

For Cellnex control products in the data centres, the restricted substances in point 2 are complied with, given that the purchasing team has only approved products with the CE label and specific sustainability labels, which certify compliance with the limits for halogenated materials in accordance with Directive 2011/65/EU and Royal Decree 219/2013, which transposes it into Spanish law.

As part of its ISO 14001 environmental management system, Cellnex has a procedure specifically focused on waste management, which is implemented in all countries where it operates and is mandatory for its own centres and suppliers that outsource waste management tasks. At the same time, this procedure establishes clear guidelines to focus the waste generated on a management that prepares it for reuse, recovery or recycling.

Obtaining financial data

Based on the elimination criteria linked to the CTS and DNSH, financial data will be extracted only from data centres that meet all the criteria set to be considered aligned.

Internet of Things (IoT)

Cellnex offers data network services dedicated to the Internet of Things in several European countries. The benefits of IoT solutions deliver improvements with low power consumption, long reach, low traffic, and low cost to customers. In all projects, secure and resilient data communication is provided through collaborative cellular design and random frequency transmission. The end-to-end services ultimately achieve an optimal cross-system service for resource management and efficiency in all areas of management.

Within the IoT business, although many of the services have implicit features that improve environmental management, only services offered to public administrations or energy or natural resource utilities are considered for sustainability purposes.

IoT - Utilities

Activity	Eligibility based on Taxonomy (Activity aligned if compliant with CTS and minimum guarantees)	Environmental objective	Type of activity
IoT Utilities	4.1 Provision of IT solutions for leakage reduction	Water and water resources	Enabler of sustainable water management

The activity fits into the three individual measures presented in point 1 of the STS:

- a) Monitoring systems, including comprehensive IT/OT tools or packages, or additions or extensions to such tools that facilitate the identification, tracking, and tracing of water leakage;
- b) IT/OT solutions, or additions or extensions to such tools, that enable water leakage to be monitored, managed, and mitigated;
- c) IT/TO solutions, or additions or extensions to such tools, that ensure interoperability of systems in water measurement areas when new monitoring systems or IT/TO solutions are installed.

If we focus on ADESAL's services for water distribution companies, the company provides services to remotely control (meters) consumption or flow with integrated IoT solutions. The use of this type of solution is fantastic for smart water meters, where real-time, low-cost readings are needed to manage the supplier's infrastructure more efficiently, optimising its operations (reducing energy consumption and carbon footprint) and improving efficiency in use by the end customer, avoiding excessive consumption (reducing the water footprint).

To comply with point 2 of the TSC, a specific environmental study was carried out to assess the risks of environmental degradation related to the preservation of water quality and the prevention of water stress in the municipalities where the service described in this activity is carried out.

Of 26 municipalities served, 96.15% are at severe risk of non-compliance with water management plans, a poor current status, or high or extremely high future water risk. Having analysed the state of the waters where the water leak detection activity is carried out through sensors and "Internet of Things" networks, it can be said that the current and projected situation for the vast majority of the bodies of water analysed is unfavourable or unfavourable. Given the nature of the activity (already underway) related to the implementation of ICTs for automation in the detection of leaks or other risks associated with water management, a positive impact on the sustainable use and protection of water and marine resources is estimated.

The explanation of each point of the DNSH that proceeds for the activity is shown below:

2. Adaptation: The activity complies with the criteria set out in Appendix A of this Annex.

Cellnex carried out a Climate Change Adaptation Plan for 2022 which has two distinct parts, (i) the first focused on analysing the climate risk of all its assets, and (ii) a second focused on proposing adaptation activities and proposals for those assets at risk. For the IoT Utilities business, the percentage of assets adapted to climate change linked to the transmission of information has been assessed, considering the rest as not aligned.

At the same time, the activity implements sensors adapted to climate change based on their technical characteristics to ensure the long-term operability of the business.

4. Transition to a circular economy:

Sensors or equipment installed for customer IoT projects, in most contracts, become the property and responsibility of the customer. Cellnex can provide maintenance or upgrade services, but in the vast majority of cases, it is the customer who is responsible for managing any waste that may be generated during the life cycle of the project.

In the case of Cellnex being the owner of the assets and in charge of maintenance, the company has an ISO 14001 Environmental Management Standard, verified by an independent third party, which contains a waste management procedure for the entire company. This procedure is applied both in its own activities and in the activities linked to suppliers, to whom specific waste management obligations are established by contract, prioritising the material recovery of waste and its recycling. At the same time, Cellnex has a standard waste management plan for all its activities that may require it, thus ensuring the best possible management.

4. Pollution control and prevention

The services provided by ADESAL's activity make use of two third-party products: services linked to the infrastructure in the nine, and sensors used to monitor water flows. Cellnex has contacted the cloud service providers to verify compliance with this specific directive. The provider has confirmed compliance with 2009/125/EC.

On the other hand, the supplier of all the equipment has been asked for the technical data sheets of the equipment, demonstrating compliance with the RoHS Directive of the European Union. The supplier has sent the technical data sheets, showing compliance with this regulation.

Obtaining financial data

In order to obtain the financial data for this line of business, a detailed analysis conducted for all projects linked to this activity based on the information extracted from SAP by the financial department. Once the first list of projects with revenues computed in 2023 was obtained, meetings were held with the business managers to analyse whether the services offered to each specific client fit the definition established in the Taxonomy regulation. This analysis included the revenue and CapEx sections, with revenue items being the only ones with projects linked to the definition of the Taxonomy regulation.

IoT Smart Services

Activity	Eligibility based on Taxonomy (Activity aligned if compliant with STS and minimum guarantees)	Environmental objective	Type of activity
IoT Smart Services	8.2. Data-driven solutions to reduce GHG emissions	Mitigation CC	Facilitator of mitigation

The digital solution offered by Cellnex is an integrated information management tool with the aim of improving energy efficiency, reducing the consumption of natural resource, and consequently, lowering greenhouse gas emissions (Smart Cities or Smart Regions).

If we focus on services to public administrations or private entities, these are focused on the creation of Smart cities, Smart regions, or Smart Companies, depending on the client in question. A smart city goes beyond the use of digital technologies for better use of resources and reduction of emissions. It means smarter urban transport networks, improved water supply and waste disposal facilities, and more efficient ways of lighting and heating buildings, as well as energy services.

Cellnex services include sensor networks and the integration of other data sources in transversal management systems to enhance mobility management, increase energy efficiency, reduce resource consumption, improve waste management, and decrease atmospheric pollution. The establishment of indicators to assess changes in environmental vectors and ensure compliance with short-, medium- and long-term climate objectives is one of the services provided as a public administration tool. Private companies are more focused on enhancing efficiency in energy use related to renewable energy production or air quality controls. In this way, the administration and private companies can use reliable, real-time data, processed by Cellnex, to make decisions that reduce greenhouse gas emissions.

Through the data, reports, and results of the implemented projects, it has been considered proven that the activity meets the established technical selection criteria.

The explanation of each point of the DNSH that proceeds for the activity is shown below:

2. Adaptation: The activity complies with the criteria set out in Appendix A of this Annex.

In general, the IoT - Smart Services activity implements sensor networks for the integration of other data sources in transversal management systems, generating two types of physical climate risk to the activity, one linked to the risks for the management of this type of project at corporate level, and the other linked to the networks or sensors implemented. The aspects linked to climate change are set out below;

As mentioned above, Cellnex carried out a Climate Change Adaptation Plan for 2022 that analysed the company's degree of adaptation. Given that the IoT Smart Services activity involves different company assets, it has been considered to be aligned to the same degree as the company as a whole.

At the same time, the IoT Smart Services activity uses a catalogue of sensors with different characteristics, which are selected to ensure that they adapt to the climatic conditions of the location where they are installed. It is for this reason that they have indoor or outdoor sensors, varying the degree of protection to climatic variables depending on the sensor. For example, for specific flood signal sensors, the equipment is adapted to extreme conditions of precipitation or river flooding that allow them to send data in extreme cases.

3. Transition to a circular economy:

All electronic products purchased by Cellnex follow a green purchasing procedure that assesses sustainability aspects, requires maximum compliance with regulations and voluntary recommendations, and ensures the best technical performance. Throughout the process, it is ensured that the restricted substances in point 2 are complied with, given that the purchasing team has only approved products that have the CE label and other sustainability labels that ensure compliance with the limits of halogenated materials according to Directive 2011/65/EU and Royal Decree 219/2013, which transposes it into Spanish law.

As part of its ISO 14001 environmental management system, Cellnex has a procedure specifically focused on waste management, which is implemented in all countries where it operates and is mandatory for its own centres and suppliers that outsource waste management tasks. At the same time, this procedure establishes clear guidelines to focus the waste generated on a management that prepares it for reuse, recovery or recycling.

Obtaining financial data

To obtain the financial data for this line of business, a detailed analysis was made of all the projects linked to this activity based on the information extracted from SAP by the financial department. Once the first list of projects with revenues calculated in 2023 was obtained, meetings were held with the business managers to analyse whether the services offered to each specific client fitted the definition established in the Taxonomy regulation. To obtain the financial data for this line of business, a detailed analysis was made of all the projects linked to this activity based on the information extracted from SAP by the financial department. Once the first list of projects with revenues calculated in 2023 was obtained, meetings were held with the business managers to analyse whether the services offered to each specific client fitted the definition established in the Taxonomy regulation.

This analysis incorporated both revenue and CapEx, with revenue items relating to specific customers and projects, and CapEx items relating to telecommunications networks used for specific services.

Broadcast

Activity	Eligibility based on Taxonomy (Activity aligned if compliant with CTS and minimum guarantees)	Environmental objective	Type of activity
Broadcast	8.3. Radio and television programming and broadcasting activities	Adaptation CC	Adapted to climate change

Cellnex's Broadcast activity is directly related to radio and television broadcasting services, an aspect included in the definition of activity 8.3 Radio and television programming and broadcasting activities. This line of business is based on the broadcasting of third-party television signals from Cellnex's telecommunications infrastructures, establishing the company as a key facilitator for individuals and businesses to receive these signals.

The activity is considered almost fully aligned based on the results obtained in the company's climate risk analysis and climate change adaptation plan.

Revenues from this activity have not been accounted for in the revenue indicator (%) as they are considered, at accounting level, as revenues from an "adapted" activity. Consequently, they do not qualify for inclusion in the numerator in accordance with the provisions of the Delegated Disclosure Act 2021/4987/EU.

Internet Media

Activity	Eligibility based on Taxonomy (Activity aligned if compliant with CTS and minimum guarantees)	Environmental objective	Type of activity
Internet media	8.3. Radio and television programming and broadcasting activities	Adaptation CC	Adapted to climate change

Cellnex's Internet Media business is directly related to radio and television broadcasting services via the Internet, an aspect included in the definition of activity 8.3 Radio and television programming and broadcasting activities. This line of business is based on the broadcasting via digital platforms of third-party television signals from telecommunications infrastructures.

An example of Internet Media's business is the LOVEStv platform, the new DTT audiovisual platform adapted to new consumption habits. Cellnex Telecom is the technology provider of the platform that the Spanish public broadcaster RTVE and the two large private broadcasting groups, Atresmedia and Mediaset, are working together to launch. The platform offers viewers the advantages of linear DTT while providing access to both content and innovative non-linear services.

As previously mentioned, Cellnex conducted a Climate Change Adaptation Plan for 2022, evaluating the company's level of adaptation. Considering that the Internet Media activity involves various assets of the company, it has been deemed aligned to the same degree as the company as a whole.

Revenues from this activity have not been accounted for in the revenue indicator (%) because, at the accounting level, they are considered revenues from an "adapted" activity. Consequently, they are ineligible for inclusion in the numerator, as per the provisions of the Delegated Disclosure Act 2021/4987/EU.

Mission Critical

Activity	Eligibility based on Taxonomy (Activity aligned if compliant with CTS and minimum guarantees)	Environmental objective	Type of activity
Mission Critical	14.1 Emergency services	Adaptation CC	Enabling - adapted to climate change

The acronym MCPN stands for Mission Critical and Private Networks. The business is based on the construction and operation of private communication networks, for limited and known users for security and efficiency reasons. The business is clearly divided into two parts: Mission Critical Networks (Emergency Corps) and Private Networks (Enterprise Sector).

Mission Critical Networks are those of interest in terms of sustainability, as they are offered to public emergency services such as fire brigades, civil protection, forestry agents, police, or medical services. The network technology offered can be Narrowband (TETRA, DMR) or Broadband (4G/5G), depending on the customer's needs. These private networks provide highly reliable and secure radio communications services to public emergency services that are mainly used in extreme circumstances such as natural disasters (floods, storms, forest fires, etc.), accidents such as oil spills or gas leaks, etc.

Mission Critical's priority activity is to provide communication services to emergency services to increase resilience to physical climate risks to people, nature, cultural property, and private assets. Secure and stable communication ensures that the response of emergency responders is coordinated, safe and effective, reducing exposure to climate change risks, reducing the impact of these risks, and increasing resilience through improved post-disaster management. At the same time, emergency teams need the signal provided by Cellnex to send early warning signals of potential disasters, ensuring greater preparedness of organisations and individuals, increasing their resilience to potential impacts.

Based on the above, this activity is considered to fit within adaptation activity 14.1 Emergency services within the complementary Climate Delegated Act. Its definition includes "... iv. installation, maintenance and operation of emergency communication systems to ensure communications during and after emergencies;...". In the case of Mission Critical, radio data transmission is provided to facilitate adaptation.

In 2021, this activity was already incorporated in the Cellnex 2021 Taxonomy report and was considered reasonable by all stakeholders. Mission Critical is categorised within radio broadcasting since any communication from emergency services must invariably traverse Cellnex towers, where this signal is received and re-broadcast so that it is passed directly to the relevant system, ensuring safe and efficient transmission.

Following the European Commission's technical clarification issued on 19 December 2022, outlining the interpretation and implementation of the technical criteria for screening and DNSH of climate targets, it is explicitly stated that enabling activities must (i) ensure adaptation to climate change and (ii) contribute to the resilience or adaptation efforts of third parties.

Cellnex conducted a Climate Change Adaptation Plan for 2023, comprising two distinct parts, (i) a initial focused on analysing the climate risk of all its assets, and (ii) a second focused on proposing adaptation activities and proposals for those assets at risk. For the Mission Critical business, the percentage of assets adapted to climate change, particularly related to information transmission, has been assessed, while the remaining assets are considered not aligned.

The explanation of each point of the DNSH that applies to the activity is shown below:

1. Climate change mitigation

In order to meet the requirements of the DNSH mitigation, Cellnex has:

- Scope 1, 2 and 3 carbon footprint calculation verified by TÜV Rheinland based on ISO 14064.
- Emission reduction targets Science Based Targets initiative (SBTi), aiming to reduce Scope 1 and 2 emissions by 70% by 2030 based on 2020 levels. Additionally, there is a target to reduce Scope 3 emissions by 21% by 2025, based on 2020 results, and achieve 100% renewable electricity by 2025.
- In parallel, a Net-zero strategy is in place to achieve the proposed emission reduction targets, with a timetable for the implementation of measures.
- The company also has an Energy Transition Plan through which the operations teams plan the implementation of freecooling systems, renewable production, refrigeration equipment upgrades, etc.
- Annualised monitoring of emission reductions achieved as a result of the company's changes and investments is included in reporting to CDP, the Integrated Annual Report, etc. In fact, senior management has ESG objectives, including greenhouse gas emissions, as one of the variables of its bonus.

3. Sustainable use and protection of water and marine resources.

The Cellnex Water Availability Footprint, based on ISO 14046:2018, analyses the availability, consumption, and impact on bodies of water. The analysis includes all Cellnex companies for which it has been analysed whether the consumption and impact on bodies of water is relevant to the activity, as well as direct and indirect consumption. From the results of the Water Availability Footprint, it is defined that only 0.1% is attributed to direct impact, and 99.9% to indirect impact. Water consumption is not considered material for the business, extending it to the data centres as well.

However, measures have been put in place to reduce the indirect impact on the Water Availability Footprint, such as sourcing more renewable energy, reducing travel, and improving corporate procurement activities.

On the other hand, all assets that require an Environmental Impact Study according to the transposition of Directive 2011/92/EU on EIAs, already include the water vector in a mandatory way and specific studies are not carried out due to their immaterial nature.

Beyond the justifications provided, the company has an environmental management system, verified according to the ISO 14001 standard, which establishes all the company's management procedures to respond to all potential impacts on environmental vectors in an orderly and official manner, avoiding problems.

Of all the DNSH requirements set out, the company also understands that some of them are not applicable to Cellnex's telecommunications business.

4. Transition to a circular economy.

As part of its ISO 14001 environmental management system, Cellnex has a procedure specifically focused on waste management, which is implemented in all countries where it operates and is mandatory for its own centres and suppliers that outsource waste management tasks. At the same time, this procedure establishes clear guidelines to focus the waste generated on a management that prepares it for reuse, recovery, or recycling.

Within the ISO 14001 standard audited Environmental Management System, the company collects and monitors data on waste generation in its facilities to maintain effective control.

Based on the data obtained, it is considered that the generation of waste by the company is very limited, given that most of it is generated and managed by suppliers and contractors. Therefore, it is the suppliers who are responsible for managing waste in Cellnex activities and facilities under their responsibility. Only in Spain and the Italian offices do they retain part of the ownership and management of the waste generated. These quantities are not considered to have a significant impact and are therefore deemed a non-material environmental aspect.

5. Pollution prevention and control.

The approach taken for this DNSH criterion does not apply to Cellnex's business as it is focused on the use of fire fighting or similar materials.

6. Biodiversity and ecosystems.

Although this criterion is more focused on emergency activities than services, the company aims to demonstrate its awareness of the relevance of nature as a provider of a wide range of benefits for development, economic, and social progress. Cellnex has gone a step further and adopted the natural capital approach in the management of biodiversity and the development of its strategy.

In this respect, the company has made progress in:

- Internal training on natural capital for the correct management of the issue by the sustainability department.
- Analysis of the materiality of natural capital for the company, assessing impacts, dependencies, risks and opportunities in the supply chain, customers, and direct operations.
- Definition of the company's risks and opportunities at the physical and transition level (TNFD), as well as the preliminary calculation of the financial impact.
- Identification and prioritisation of the most important biodiversity assets with geospatial tools that incorporate criteria for protected areas, habitat type, endangered species, special areas of conservation, etc.
- On-site implementation of measures to reduce disturbance to birds where Cellnex towers are breeding sites.
- Public commitment to biodiversity conservation and no deforestation, along with the development of an Action Guide for the preservation of biodiversity and ecosystems.

Minimum guarantees

According to Article 3(c) of Taxonomy Regulation 2020/852/EU, the minimum safeguards referred to therein shall be the procedures applied by a company engaged in economic activities to ensure compliance with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights (UNGPs). This includes adherence to the principles and rights set out in the eight core conventions mentioned in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

When implementing the above procedures, firms must adhere to the "no significant harm" principle referred to in Regulation (EU) 2019/2088, i.e. the Sustainability Disclosure Regulation for the financial services sector (SFDR).

As described in the previous paragraphs, the European Commission's notification 2023/C 211/01, designed to address frequently asked questions (FAQs), states that according to the regulator, the requirements set out in the minimum safeguards should focus on Article 18.1, associated with international standards of business conduct, and Article 18.2, related to the DNSH principle of the SFDR regulation.

Considering the above, the substantive and relevant issues that remain relevant for minimum guarantees are as follows, with environment and science and technology regarded as aspects of state responsibility:

1. Human rights (including labour and consumer rights)
2. Bribery, bribe solicitation and extortion
3. Taxation
4. Fair competition

Based on the review of the procedures, policies, and analysis on the subject of minimum guarantees, it is considered that Cellnex Telecom complies in all its activities and geographical areas with the minimum guarantees established in the framework of the Taxonomy Regulation 2020/852/EU. For each of the substantive issues presented above, the company has identified the documents where it outlines the measures and procedures for each issue, and these documents are available to stakeholders on the corporate website.

Substantive issues	Cellnex documents
Fair competition	Code of Ethics (point 3.3.3.7)
Taxation	Code of Ethics (point 3.3.3.4) Tax Policy, Tax Compliance Committee IAR pages 130-134
Human rights	Code of Ethics (point 3.3.3.2) Politics Human rights Due Diligence Human Rights Equity Diversity and Inclusion Policy Supplier Code of Conduct
Labor rights	Collective agreements, OHS Policy, ISO 45001 Equity, Diversity and inclusion Policy Politics Human rights Harassment Prevention Protocol (ES)
Interests (rights) of consumers (customers)	Code of ethics (point 3.3.7.2) Global Quality Policy Customer satisfaction survey Information Security Policy
Bribery	Code of Ethics (point 3.3.6) Corruption Prevention Disciplinary system Whistleblowing channel
Transversal documents	ESG Policy Disciplinary system (for all employees, not for third parties) Corporate policy repository Cellnex Annual Report

Financial indicators and methodology

As previously stated, the Taxonomy mandates the reporting, in 2023, of the percentage of eligible and aligned revenue, CapEx, and OpEx based on the economic activities published in the Climate Delegated Act, which covers both climate change adaptation and mitigation. However, Cellnex will already publish the percentages of alignment with the activities of the Environmental Delegated Act and the full Climate Delegated Act.

The financial information used for this analysis was externally audited when the annual accounts for the year were closed. These accounts were subject to joint analysis and control by the local and central teams to ensure consistency with the consolidated income for the year. The controls focused on both the treatment of intra-group transactions and the breakdown of revenues by business segment and sub-segment.

The consolidation of financial data adheres to IFRS accounting policies and undergoes auditing by Cellnex's financial auditors. The financial data is extracted from the "reporting package" of each country, sourced from the ERP consolidation system "FCCS", which is fed by "PBCS" that, in turn, is fed by "SAP" or local ERP, depending on each country. The computerisation of these processes ensures the minimization of human errors.

Revenues presented here are accounted for by business activity as follows:

- Revenues generated from Datacenters' activities are based on the rental of "Racks", physical spaces designed to house servers, networking devices, cables, or other data centre computer equipment. These racks are rented to independent customer within each data centre. Cellnex is dedicated to maintaining the conditioned space for storing and operating IT or telecommunications equipment. The data has been extracted from the PBCS software used by the company for accounting, which is sourced from SAP in each country using the Datacenters business line. Since the alignment analysis has been carried out at a very high level of detail, the revenue per data center has been extracted in order to extract the aligned revenue and CapEx.
- Revenues from IoT contracts are determined using the "IoT" business line. The income of this business unit varies across projects undertaken by the IoT teams. To allocate revenues and Capex to either the Utilities activity (4.1 Provision of IT solutions for leakage reduction) or to the Smart Services business (8.2 Data-driven solutions to reduce greenhouse gas emissions), the list of projects for 2023 was obtained, and together with the teams from each business, the fit or otherwise with each of the defined activities was assessed. The data was extracted from the PBCS software used by the company for accounting, which is fed by SAP in each country.
- Revenues generated by Mission Critical's activities are based on service contracts for emergency and relief telecommunication networks (e.g. "Rescat"), provision of services to the merchant navy, interconnection of police broadcasting networks, protection of firefighting networks, etc. Among the total customers of Mission Critical's business, those that fit the definition of climate resilience have been identified as emergency services. Other customers that do not fit the reasoning have been ignored. The data was extracted from the company's PBCS accounting software, which is sourced from SAP in each country.
- The broadcasting activity carried out by Cellnex is directly related to services for radio and television broadcasting, an aspect incorporated in the definition of activity 8.3 Radio and television programming and broadcasting activities. This line of business is based on the broadcasting of third party television signals from Cellnex's telecommunications infrastructure and is fully included in the eligibility calculation. Using the Climate Change Adaptation DNSH compliance percentages, the aligned revenues from this activity are established. However, the aligned revenues derived from this activity have not been accounted for in the revenue indicator (%) as they are considered, at the accounting level, revenues from an "adapted" activity and cannot be included in the numerator.
- The Internet Media activity carried out by Cellnex is directly related to services for radio and television broadcasting via the internet, an aspect incorporated in the definition of activity 8.3 Radio and television programming and broadcasting activities. This line of business is based on the broadcasting and management of internet television platforms and is fully included in the eligibility calculation. Using the compliance percentages with the DNSH for Climate Change Adaptation, the aligned revenues from this activity are established. However, the aligned revenues derived from this activity have not been accounted for in the revenue indicator (%) as, at the accounting level, they are classified as revenues from an "adapted" activity and cannot be incorporated into the numerator.

It is necessary to emphasize the casuistry of Broadcast and Internet Media. Both activities fall under activity 8.3, "Radio and television programming and broadcasting activities," of Annex II on Adaptation to Climate Change of Delegated Regulation 2021/2139/EU. Due to the typology of the activity, they are classified as activities adapted to climate change. For this typology of activities, the Delegated Disclosure Regulation (Article 8) 2021/4987/EU, which defines in its Annex I the content to be published by non-financial companies, establishes that revenues generated by adapted activities cannot be incorporated into the numerator of the % revenues aligned with the taxonomy. This means that, although Broadcast and Internet Media activities are aligned with the STS and DNSH established in the Taxonomy Regulation, their revenues, due to the type of activity, cannot be counted in the revenue indicator.

On this basis, we could say that, of the eligible activities, 8.76% of the eligible income corresponds to leases - Datacenter business - and the remaining 91.24% are based on contracts with costumers for specific services.

The data reported in the report does not consider the production of companies for others within the Cellnex group. This may be the case for some activities, but only data at the consolidated level of revenues from external customers are reported.

The CapEx data presented in this report is accounted for as follows:

- Investments linked to Datacenters activities are defined as those focused on the purchase, improvement, or installation of data centers. The data is taken from the PBCS software used by the company for accounting, which is sourced from SAP in each country.
- Those of Mission Critical have been extracted from MCPN's list of investments, analyzing on a case-by-case basis the fit with Mission Critical's activity. The data were extracted from the PBCS software used by the company for accounting, which is fed by SAP in each country.
- Efficiency Capex (Energy) investments are defined by those investments focused on the installation of renewable energy - photovoltaic solar panels - and investments in energy efficiency and control, mainly linked to air conditioning or improvement of equipment. Thanks to the analysis of the energy and operations managers, it has been possible to extract the items that fit into the alignment approach. The data has been extracted from the PBCS software used by the company for accounting, which is fed by SAP in each country.
- Finally, investments focused on specific embedded IoT Utilities and IoT Smart Services projects focused on sustainable water management and climate change mitigation have also been considered. The data was extracted from the company's PBCS accounting software, which is sourced from SAP in each country.

To avoid double counting, the calculations of the different indicators have differentiated between activities incorporated in the mitigation or adaptation objective, accounting only on the basis of the objective where the contribution is considered more substantial. This avoids double counting of the same revenue or CapEx item.

Changes compared to 2022

At the level of economic activity:

- Internet of Things (IoT): In 2022 the IoT business was differentiated between activity (7.5) for energy consumption control and monitoring projects using smart meters (IoT Utilities), and (8.2) the development of "Smart" systems that help reduce energy consumption and automate processes (IoT Smart Services). As IoT Utilities focuses almost exclusively on Adesal's services linked to the management of smart systems to monitor water consumption and leakage, it has been decided to reclassify this activity under *4.1 Provision of IT solutions for leakage reduction* in the new Water delegated act.
- Mission critical: In 2022 the analysis was improved and only the MC business, public customers for emergency networks was considered in the same activity 8.3. However, as the classification was not suitable, it has been decided to use the new activity 14.1 Emergency services which includes emergency telecommunications and fits much better with the background of the activity.

Capex:

- In terms of Capex, a much more detailed analysis of financial data has made it possible to review all investments in energy matters one by one, facilitating the identification of investments in the activity 7.3 energy efficiency of refrigeration and air conditioning equipment, as well as investments in photovoltaic panels, renewable energy activity 7.6.

At the level of review and compliance with technical selection criteria (CTS), DNSH criteria and Minimum Guarantees:

- This year, specific studies have been carried out on:
 - Contribution to the correct status and functioning of water bodies or watercourses at water risk in order to demonstrate that the activities within the one classified with 4.1, contribute positively to the water management of the municipalities with which it works.
 - Geospatial analysis of the number of assets in areas of high biodiversity interest, as well as an analysis of risks and opportunities for better nature management.
 - For the IoT Smart Services activity (8.2) data and justifications have been obtained from the client demonstrating the effectiveness of the implemented measures as required by the auditor in 2022.
- Each CTS and DNSH has been analysed and responded to based on in-house technical expertise to ensure alignment.
- Compliance with the minimum guarantees has been analysed thanks to the clarification of the FAQs in notification 2023/C 211/01.

Information reporting:

- The new tables will be used to disseminate the Taxonomy data published in the supplementary Delegated Disclosure Act.

Based on the revenue and CapEx items linked to eligible and aligned activities, 2023 presents significant changes compared to 2022 in terms of:

- **Datacenters:** The Datacenters business, eligible in its entirety, has grown substantially in 2023, reaching 36,884 thousand eligible euros, an increase of approximately 46 %. In terms of investment, this year it has increased to 52,798 euros for the acquisition of businesses, improvement of centres and extensions.
- **IoT:** In 2023, revenues from the IoT business were split between activity 4.1 and 8.2, totalling EUR 6,982 thousand fully eligible. This year, the differentiation between IoT Utilities, with activity 4.1, with total eligible revenues of EUR 6,128.25 thousand, and the IoT Smart Services activity, with activity 8.2, with total eligible revenues of EUR 853.94 thousand, has been improved. In 2022, approximately EUR 67 thousand in investments linked to the IoT activities were reported, but this year, thanks to a more detailed item-by-item breakdown, eligible/aligned investments of EUR 198.07 thousand have been obtained. The difference is explained by an improved level of detail in 2023 and the exclusion of investments that did not fit the methodology of the Delegated Disclosure Act.
- **Mission Critical:** In the last alignment report the MCPN Mission Critical item was included, totalling 39,155 thousand euros of income. This year, thanks to a greater degree of detail of the projects, Mission Critical income has been extracted that fits with activity 14.1, totalling 34,064.93 thousand euros. A decrease in the total value of eligible revenues is identified between 2022 and 2023. For the projects selected as eligible, the investment has amounted to EUR 1,977.93 thousand, lower than in the previous year.
- **Broadcast:** Comparing the Broadcast activity in 2022 and 2023, a growth from 220,956 thousand euros to 227,376 thousand euros is identified, which is considered eligible and highly aligned, although it cannot be reported in activity 8.3 for accounting in the revenue alignment KPI due to the classification as aligned activities
- **Internet Media:** Comparing the Internet Media activity in 2022 and 2023, a growth from EUR 2,541 thousand to EUR 2,651 thousand is identified, which is considered eligible and highly aligned, although it cannot be reported in activity 8.3 for accounting in the revenue alignment KPI due to the classification as aligned activities.
- **Energy efficiency:** In the last eligibility report a total of 1,887 thousand euros in investments linked to activity 7.3 were presented. In 2023 the total has been 328 thousand euros and the investments have been more focused on those described in activity 7.3, mainly on cooling improvements.
- **Renewable energies:** In the last eligibility report a total of 1,770,921 euros in investments linked to activity 7.6 of renewable energy self-production were presented. In 2023 the total has been considerably higher, amounting to 2,021,214 euros, linked entirely to investments in photovoltaic solar panels.

Results

Eligibility and alignment results are presented below based on the new tables in Annex II of the Article 8 Delegated Act, published in Annex V of the Supplementary Delegated Act to the Climate Delegated Act 2023/2486. Disclosure of information in this format is required from 2024 onwards, in order to disclose the results in a standardised way by economic actors and financial market participants.

- Revenues: Out of a total of 4,049,223,400 euros of revenues in 2023, 307,958,834 euros (7.61% of total revenues) are considered to come from eligible economic activities based on those outlined in the Climate and Environment Delegated Act, with a total of 3,741,264,566 euros from activities not eligible under the taxonomy (92.39% of total revenues). Of the eligible revenues, a total of 244,802,170 euros are considered eligible and aligned with the taxonomy. If from the revenues of aligned activities we extract those coming from activities adapted to climate change, the total is 37,547,590 euros, which is 15.34% of the total eligible revenues and 0.93% of the total revenues. Eligible and non-aligned revenues total 63,156,663 euros, 20.51% of total eligible revenues and 1.56% of total revenues.
- CapEx: Of a total CapEx of €2,229,945,000 euros invested in 2023, €61,929,714 euros are considered to correspond to eligible investments based on the Taxonomy (2.78% of the total CapEx) and a total of €2,168,015,286 euros in activities not eligible with the taxonomy (97.22% of the total CapEx). €5,057,626, a percentage of 8.17% of total eligible CapEx and 0.23% of total CapEx. Eligible and non-aligned CapEx amounts to €56,872,088 euros, 91.83% of total eligible CapEx and 2.55% of total CapEx.
- OpEx: Cellnex has not calculated the eligible OpEx indicator based on the Taxonomy as it is not considered material to the business, thus assuming zero percent alignment.

Conclusions

The results obtained in this third year of assessment for the degree of eligibility and first year of alignment of Cellnex's activities under the total list of economic activities of the Taxonomy regulation show low levels, similar to the last year. The Taxonomy does not incorporate the bulk of Cellnex's business. The EU Regulation 2020/852/EU is not considered a useful tool for assessing the environmental sustainability of the Group's business due to the fact that most of the economic activities carried out have not been incorporated into any of the climate and environmental objectives. Consequently, Cellnex cannot assess whether or not it meets the technical selection criteria and thus evaluate its substantial contribution to sustainability. For those activities where it does meet the technical selection criteria, it cannot report such revenues as aligned for methodological consideration. The Delegated Disclosure Act (Art. 8) states that "adapted" activities cannot be counted in the numerator of the revenue indicator.

- Out of the total income, 7.61% is established as eligible on the basis of the taxonomy and 92.39% as ineligible. Of the eligible income, 20.51% of the eligible income is considered to be aligned, with the indicator of eligible and aligned income being 0.93% of total income. In the case of being able to incorporate the income from adapted activities, the percentage of aligned income would rise to 6.05%.
- On the other hand, 2.78% of CapEx is set as eligible based on the taxonomy and 97.22% as ineligible. Of the eligible CapEx, 8.17% of eligible CapEx is also considered aligned, with the indicator of eligible and aligned CapEx with respect to total CapEx being 0.23%.

The most significant variation between eligibility and alignment is identified on the revenue side and stems from the methodological impossibility of counting Broadcast and Internet Media (Adapted Activities) revenues in the numerator, even though they are considered aligned.

Cellnex has adopted a conservative approach to reporting eligibility and alignment based on the Taxonomy, avoiding forcing the definitions of economic activities to incorporate activities of its business. We understand that the regulation aims to avoid "greenwashing," and it would do no good to try to tailor the regulation in favour of the company. An approach that responds to the principles of integrity, representativeness, and truthfulness has been maintained.

Internally, Cellnex has worked during 2023 to carry out relevant assessments and validations to ensure compliance with the criteria set out in Article 3 of Regulation 2020/852/EU. The technical selection criteria have been validated for each of the different business units that carry out the same Taxonomy activity, obtaining evidence and certificates that accredit compliance with the established criteria at the most granular level possible. The same approach has been used to validate the criteria of no significant harm to other environmental objectives (DNSH). Finally, the minimum guarantees have been validated at the group level because they are internal procedures or policies applicable to all the company's subsidiaries.

Cellnex aims in the coming years to improve the degree of alignment of the company with the technical selection criteria and DNSH principles of its eligible activities, to maintain those classified as aligned during 2023 and to improve the methodologies and procedures for the development of the applicability and usability of the Taxonomy.

ANNEX

Below are the mandatory reporting tables for this year on the degree of eligibility and alignment of the company with Regulation 2020/852/UE.

Operating income

Financial year N	Year	SUBSTANTIAL CONTRIBUTION CRITERIA (%)										NHDS (Y/N)					Proportion of turnover conforming to taxonomy (A.1) or eligible under taxonomy (A.2), year N-1 (18)	Category facilitating activity (19)	Transition activity category (20)
		Economic activities (1)	Codes (2)	Turnover (2)	Share of turnover, year 2023 (4)	Climate change mitigation (5)	Adaptation to climate change	Water (7)	Circular economy (9)	Pollution (8)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water (13)	Circular economy (15)	Pollution (14)			
		Currency (EUR)	%	Y; N; N/EL ⁵³	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	F	
A. ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																			
A.1 Environmentally sustainable activities (conforming to the taxonomy)																			
4.1 Provision of water leak detection services	WTR	€	5,308,972	0.13%	N/EL	N/EL	S	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.00%	F
8.1 Data processing, hosting and related activities	CCM	€	725,054	0.02%	S	S	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.09%	T
8.2 Data-driven solutions for reducing greenhouse gas emissions	CCM	€	821,065	0.02%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.03%	F
14.1 Emergency services	CCA	€	30,692,498	0.76%	N/EL	S	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	1.01%	F
8.3 Radio and TV programming and broadcasting activities	CCA	€	207,254,581	5.12%	N/EL	S	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	5.76%	F
(A.1) Turnover of environmentally sustainable activities (Taxonomy-aligned)		€	37,547,590	0.93%	0.04%	0.76%	0.13%	0.00%	0.00%	0.00%	S	S	S	S	S	S	S	1.13%	
Of which: facilitators		€	36,822,535	0.91%	0.02%	0.76%	0.13%	0.00%	0.00%	0.00%	S	S	S	S	S	S	S	1.04%	F
Of which: transitional		€	725,054	0.02%	0.02%						S	S	S	S	S	S	S	0.09%	T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
4.1 Provision of water leak detection services	WTR	€	819,276	0.02%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								0.00%	
8.1 Data processing, hosting and related activities	CCM	€	36,159,382	0.89%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.64%	
8.2 Data-driven solutions for reducing greenhouse gas emissions	CCM	€	32,877	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%	
14.1 Emergency services	CCA	€	3,372,428	0.08%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0.11%	
8.3 Radio and TV programming and broadcasting activities	CCA	€	22,772,701	0.56%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0.63%	
(A.2) Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		€	63,156,663	1.56%	0.89%	0.65%	0.02%	0	0	0								1.39%	
Total (A.1 + A.2)		€	100,704,253	2.49%	0.93%	1.40%	0.15%	0	0	0								2.52%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
(B) Turnover of Taxonomy-non-eligible activities		€	3,948,519,147	97.51%															
TOTAL A+B		€	4,049,223,400	100.00%															

⁵³ S: yes, activity eligible under the taxonomy and which complies with the taxonomy in relation to the relevant environmental objective.

N: no, activity eligible according to the taxonomy, but not compliant with the taxonomy in relation to the relevant environmental objective.

N/EL: not eligible, activity not eligible according to the taxonomy for the relevant environmental objective.

EL: eligible activity according to the taxonomy for the corresponding objective.

- Activity 4.1 includes the IoT Utilities activity. It is considered as an enabling activity in line with the Environmental Delegated Act - Water.
- Activity 8.1 includes revenues from eligible Datacenters aligned with the Taxonomy Regulation. It is considered as a transitional activity in Annex I Climate Change Mitigation.
- Activity 8.2 includes revenues from IoT Smart Services.
- (*) Activity 8.3 includes revenues from Broadcast and Internet Media, whose aligned revenues are not counted in the percentage of aligned turnover, hence the discrepancy between the percentage in column 4 for A1.
- Activity 14.1 includes Mission Critical as enabling activities for climate change adaptation as set out in the amendment to Annex II on Climate Change Adaptation.

The most relevant revenue item for the group, Telecommunications Infrastructure Services (TIS), which represents approximately 70% of the group's revenue, could not be included in the eligibility and alignment calculations given that within the environmentally sustainable economic activities presented in the regulation, there is not yet an activity in line with that carried out by Cellnex. The TIS activity is based on the operational efficiency of telecommunications towers through the sharing of these between several operators, an activity with a positive environmental impact given that it avoids the duplication of infrastructures, optimises the land occupied, reduces the impact on biodiversity and achieves improvements in energy efficiency. The lack of development of the Taxonomy is damaging to the public image of the company, whose core business is linked to operational and energy efficiency.

At the same time, Cellnex has revenues linked to eligible and aligned economic activities higher than those provided in the indicator. Based on Annex II of the Climate Delegated Act (Climate Change Adaptation Activities) certain economic activities of the company meet the eligibility and alignment criteria, but are not counted in the numerator of the alignment percentage. The Broadcast and Internet Media activities, with more than 207 million euros in aligned revenues, could not be counted as they are classified as "adapted" activities under adaptation activity 8.3, Radio and television programming and broadcasting activities. At a methodological level, the Delegated Disclosure Act states that "adapted" activities are not considered as sustainable, greatly affecting Cellnex's aligned revenue KPI. The alignment percentage would increase to 6.05% if Broadcast and Internet Media activities, considered as adapted, were counted.

Unfortunately, the bulk of Cellnex's business is either not included in the lists of sustainable economic activities or is included as an adapted activity, a categorisation that does not allow it to be counted in the Taxonomy indicators.

Capital Expenditures (CAPEX)

Economic activities (1)	Codes (2)	CapEx(2)	CapEx ratio (4)	SUBSTANTIAL CONTRIBUTION CRITERIA (%)							DNSH CRITERIA ('Does Not Significantly Harm')						Minimum guarantees (17)	Proportion of turnover conforming to taxonomy (A.1) or eligible under taxonomy (A.2), year N-1 (18)	Category facilitating activity (19)	Transition activity category (20)
				Climate change mitigation (5)	Adaptation to climate change (6)	Water (7)	Circular economy (9)	Pollution (8)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water (13)	Circular economy (15)	Pollution (14)	Biodiversity (16)					
				Y; N; N/EL ⁵⁴	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N				
Currency (EUR)		%																F		
A. ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																				
A.1 Environmentally sustainable activities (conforming to the taxonomy)																				
4.1 Provision of water leak detection services	WTR	€ 171,592	0.01%	N/EL	N/EL	S	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	S	0.00%	F	
8.1 Data processing, hosting and related activities	CCM	€ 755,136	0.03%	S	S	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	S	0.00%		T
8.2 Data-driven solutions for reducing greenhouse gas emissions	CCM	€ —	0.00%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	S	0.00%	F	
14.1 Emergency services	CCA	€ 1,782,111	0.08%	N/EL	S	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	S	0.05%	F	
7.3 Installation, maintenance and repair of energy-efficient equipment	CCM	€ 327,573	0.01%	S	S	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	S	0.03%	F	
7.6 Installation, maintenance and repair of renewable energy technologies	CCM	€ 2,021,214	0.09%	S	S	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	S	0.02%	F	
(A.1) CapEx of environmentally sustainable activities (Taxonomy-aligned)		€ 5,057,626	0.23%	0.14%	0.08%	0.01%	0.00%	0.00%	0.00%	S	S	S	S	S	S	S	S	0.10%		
Of which: facilitators		€ 4,302,489	0.19%	0.11%	0.08%	0.01%	0.00%	0.00%	0.00%	S	S	S	S	S	S	S	S	0.10%	F	
Of which: transitional		€ 755,136	0.03%	0.03%						S	S	S	S	S	S	S	S	0.00%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
4.1 Provision of water leak detection services	WTR	€ 26,480	0.00%	N/EL	N/EL	EL	N/EL	N/EL	N/EL											
8.1 Data processing, hosting and related activities	CCM	€ 52,043,176	2.33%	EL	EL	N/EL	N/EL	N/EL	N/EL									0.00%		
8.2 Data-driven solutions for reducing greenhouse gas emissions	CCM	€ —	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									1.03%		
14.1 Emergency services	CCA	€ 195,815	0.01%	N/EL	EL	N/EL	N/EL	N/EL	N/EL									0.00%		
8.3 Radio and TV programming and broadcasting activities	CCA	€ 4,606,618	0.21%	N/EL	EL	N/EL	N/EL	N/EL	N/EL									0.00%		
(A.2) CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		€ 56,872,088	2.55%	2.33%	0.22%	0.00%	0.00%	0.00%	0.00%									0.02%		
Total (A.1 + A.2)		€ 61,929,714	2.78%	2.47%	0.30%	0.01%	0.00%	0.00%	0.00%									1.05%		
																		1.15%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
(B) Turnover of Taxonomy-non-eligible activities		€2,168,015,286	97.22%																	
TOTAL A+B		€2,229,945,000	100.00%																	

⁵⁴ S: yes, activity eligible under the taxonomy and which complies with the taxonomy in relation to the relevant environmental objective.

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EL: eligible activity according to the taxonomy for the corresponding objective.

- Activity 7.3 includes investment in more efficient refrigeration equipment from Efficiency Capex (Energy).
- Activity 7.6 includes all the investment made in solar panels in the different countries in which the company operates.
- Activity 8.1 includes all investments related to Datacenters.
- Activity 8.2 includes investments linked to projects classified in the IoT Smart Services business.
- Within activity 8.3 of the alignment section, investments in Mission Critical projects that fit the definition of the activity are included in their entirety. Investments within the Broadcast and Internet Media activity 8.3 are included in eligible and non-aligned investments.
- Activity 4.1 includes all investments related to Adesal's IoT Utilities (Water).

The CapEx items considered in the calculation represent (i) those investments in eligible economic activities aligned on the basis of the Taxonomy - especially Datacenters, IoT Smart Services, Mission Critical - and (ii) activities mentioned in category (c) of section 1.1.2.2 of Annex I of the Delegated Disclosure Act, related to the purchase of products and individual measures of eligible economic activities or energy efficiency measures. The items incorporated in point (ii) are notably investments in renewable energy equipment and energy efficiency improvements. As with the revenue item, Cellnex is not able to account for investments associated with "adapted" economic activities. This is the case of investments linked to Broadcast and Internet Media. Similarly, investment items in activities linked to the operational and energy efficiency of telecommunications towers, such as TIS, could also not be accounted for as the activities are not considered eligible.

Cellnex has established a Sustainability-linked Financing Framework, which has obtained a second opinion from specialists, stating that it meets international financial sustainability criteria. The framework or plan aims to issue sustainable bonds or raise sustainable loans while meeting strict targets for decarbonisation, renewable energy use and gender equality. However, many of the sustainability investments cannot yet be counted as eligible since the company does not have a specific Investment Plan linked to the improvement of the Taxonomy KPIs

Operating Expenditures (OPEX)

Economic activities (1)	Codes (2)	OpEx (2)	Share of OpEx (4)	SUBSTANTIAL CONTRIBUTION CRITERIA (%)						DNSH CRITERIA ('Does Not Significantly Harm')						Minimum guarantees (17)	Proportion of OpEx conforming to taxonomy (A.1) or eligible according to taxonomy (A.2), year N-1 (18)	Category facilitating activity (19)	Transition activity category (20)
				Climate change mitigation (5)	Adaptation to climate change (6)	Water (7)	Circular economy (9)	Pollution (8)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water (13)	Circular economy (15)	Pollution (14)	Biodiversity (16)				
A. TAXONOMY-ELEGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
(A.1) OpEx of environmentally sustainable activities (Taxonomy-aligned)		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
(A.2) OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total (A.1 + A.2)		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
(B) Turnover of Taxonomy-non-eligible activities		€(1,122,516,000)	100.00%																
TOTAL A+B		€(1,122,516,000)	100.00%																

Cellnex has decided not to calculate the OpEx KPI as it is not considered material to the group's business. The company considers that the OPEX margin for the calculation of the Taxonomy is not material, mainly and in accordance with IFRS16 accounting standards, the most significant item (rental costs) is reflected in the financial interest and amortisation of the company's financial statements. Therefore, it results in the company having a very high operating leverage and margin.