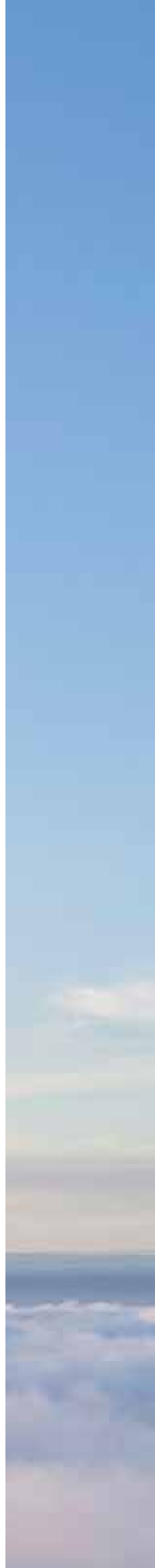
07 Annexes



Annex I. Risks

The Cellnex Telecom Group has implemented a risk management model that has been approved and is monitored by the Audit and Control Committee, and is applicable to all business and corporate units in countries where the Group operates. The risk management model is aimed at effectively ensuring that the Group's objectives are achieved.

The main risks to the fulfilment of the Group's objectives are as follows:

Risk related to the industry and the business where the Group operates

i) Risk related to the environment in which the Group operates and risks stemming from the specific nature of its business

The Group's business includes the provision of services through its three different segments: (i) Telecom Infrastructure Services, (ii) Broadcasting Infrastructure and (iii) Other Network Services. Any factor adversely affecting the demand for such services could potentially have a material adverse impact on its business, prospects, results of operations, financial condition and cash flows.

Through the Telecom Infrastructure Services segment, the main business activity, the Group facilitates access to the spectrum (mainly owned by its customers), by means of providing access to telecom and broadcast wireless infrastructures, through its connectivity services as well as the related passive and active infrastructure to external MNOs and broadcasters, typically under mid- and long-term contracts. Therefore, the Telecom Infrastructure Services segment is highly dependent on the demand for such infrastructures and a decrease in such demand may adversely affect the Group's business.

In the Broadcasting Infrastructure activity, the demand for the Group's communications depends on the coverage needs from its customers, which, in turn, depend on the demand for TV and radio broadcast by their customers.

Likewise, for the Other Network Services segment, the demand for connectivity, PPDR networks, O&M, Smart City and IoT services depends on the demand from public administrations as well as entities operating in the private and public sectors.

The willingness of the Group's customers to utilize its communications infrastructures, contract its services, or renew or extend existing contracts on its communications infrastructures on the same terms, can be affected by numerous factors, including, among others:

• increased use of network sharing, roaming or resale arrangements by MNOs;

- mergers or consolidations among the Group's customers such as MNOs;
- the ability and willingness of MNOs to maintain or increase capital expenditures on network infrastructure;
- the financial condition of the Group's customers, including the availability or cost of capital;
- governmental licensing of spectrum or restrictions on or revocations of spectrum licenses;
- changes in electromagnetic emissions' regulations;
- changes in demand for TV and radio services and consumption habits (channels, etc.) by end consumers, including the level of multimedia content consumption;
- significant increases in the attrition rate of customers or decreases in overall demand for broadcast space and services, caused by, among others, the adoption of new digital patterns by customers and the obsolescence of the products and services rendered by the Group's companies;
- a decrease in consumer demand for wireless telecom and broadcasting services due to economic, political and market/regulatory conditions, disruptions of financial and credit markets or other factors, including inflation, zoning, environmental, health or other existing government regulations or changes in the application and enforcement thereof, as well as taxes/customs duties levied on the Group' services;
- the evolution of the advertising business' revenue in the media sector, and especially, TV, internet and radio;
- changes in connectivity to the internet;
- an increase in demand for private networks;
- the evolution of public internet;
- changes in the data traffic demand worldwide as well as changes in data transmission prices and speed;
- the availability or capacity of the Group's infrastructure or associated land interests where the infrastructure is located;
- the location of the Group's wireless infrastructure;
- changes in, or the success or failure of, the Group customers' business models;
- delays or changes in the deployment of next generation wireless technologies or the failure by the Group to anticipate the development of new wireless technologies;
- technological advances and development of alternative technologies that the Groups does not currently use, such as the development of satellite-delivered and optical fibre-delivered radio and video services and internet TV;
- the existence of alternative providers of the Group' services or, alternatively, the self-provision of services by the Group's customers;
- the willingness of the Group's current or future customers to make contractual arrangements with it under the current terms and conditions; and
- the Group's customers' desire to renegotiate its agreements with them or to adversely amend current contractual arrangements (especially those relating to broadcasting services as some of them should be renewed on or before 2021 , and other network services).

As a result of these factors the Group's customers may scale back their need or demand for its services which could materially and adversely affect the degree of utilization of the capacity of the Group's communications infrastructures and its network and connectivity development services, which could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

To reduce its exposure to risks as a result of the environment in which it operates, the Group pursues a selective international expansion plan, diversification and growth policy, fostering understanding with Government Agencies to develop infrastructures. In addition, it has continued to implement an efficiency plan in order to streamline operating investments and expenditures.

ii) Risk of increasing competition

The Group may experience at any time increased competition in certain areas of activity from established and new competitors. The industry is competitive and customers have access to alternatives in telecom infrastructure services and other network services, whereas for broadcasting TV the alternatives are more limited. Where the Group acts as a provider of services, competitive pricing from competitors could affect the rates and services income. In addition, competition in infrastructure services could also increase the cost of acquisition of assets and limit the Group's ability to grow its business. Moreover, the Group may not be able to renew existing services agreements or enter into new services agreements. The higher prices for assets, combined with the competitive pricing pressure on services agreements, could make it more difficult to achieve return on investment criteria.

Increasing competition for the acquisition of infrastructure assets or companies in the context of the Group's business expansion, which could make the acquisition of high quality assets significantly more costly. Some competitors are larger than the Group and may have greater financial resources, while other competitors may apply investment criteria with lower return on investment requirements. In addition, if the Group could not compete effectively with its competitors or anticipate or respond to its customer's needs or customer's sentiment, the Group could lose existing and potential customers, which could reduce its operating margins and have a material adverse effect on the Group business, prospects, results of operations, financial conditions and cash flows.

iii) Risk of infrastructure sharing

While the Group believes the neutral carrier model presents certain advantages and there is a growing trend of externalization of the provision of wireless communications infrastructure, extensive sharing of site infrastructure, roaming or resale arrangements among wireless service providers as an alternative to using the Group's services may cause entering new service agreements to slow down if carriers utilize shared equipment (either active or passive) rather than deploy new equipment, or may result in the decommissioning of equipment on certain existing sites because parts of the customers' networks may become redundant.

Any potential merger, integration or consolidation of the Group's customers would likely result in duplicate or overlapping networks, which may result in the termination or non-renewal of customer contracts (for example where they are co-customers on an infrastructure) and in the loss of commercial opportunities resulting in a lower number of potential customers for the Group. These two scenarios could materially and adversely affect revenues from the Group's wireless infrastructure and its commercial prospects.

In addition, customer consolidation may result in a reduction in their total future capital expenditures because their expansion plans may be similar. Both MNOs' and broadcasters' consolidation could decrease the demand for the Group wireless infrastructure, which in turn could have a materially adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

Finally, the service agreements with anchor customers may include framework agreements by which the parties agree to further acquisitions or construction of infrastructures over a defined period of time. Such framework agreements may or may not be implemented due to a potential integration or consolidation of the Group's customers. Moreover, customers could decide not to pursue such agreements due to a change in their business strategy. If these circumstances occurred, there is no guarantee that the Group may have enough contractual protection in order to be compensated for such changes, which in turn could have a material adverse effect for the Group.

iv) The expansion or development of Group business, including through acquisitions or other growth opportunities, involve a number of risks and uncertainties that could adversely affect operating results or disrupt operations

It is an integral part of the Group strategy to continue driving growth through the acquisition of assets, entities or minority interests, the entering into joint ventures, mergers or other arrangements in the countries where the Group currently operates or elsewhere, which could require, among other matters, to obtain additional indebtedness, the issuance of shares to finance such acquisitions or other growth opportunities. Group's growth strategy is linked, among other factors, to the capacity to successfully decommission and build new infrastructures. In the ordinary course of the business, the Group reviews analyses and evaluates various potential transactions, assets, interests, activities or potential arrangements that the Group believes may add value to the business or the services it provides. Failure to timely identify growth opportunities may adversely affect the expansion or development of the Group business.

In certain occasions sellers of infrastructure assets may be reluctant to enter into joint venture, mergers, disposal or other arrangements with the Group due to, among other reasons, the accounting impact of the transaction in their financial statements. Therefore the Group is not only exposed to the accounting impact of a transaction on itself but also to that of its prospective clients.

Moreover, the Group's ability to grow its portfolio of assets in a particular market or jurisdiction could be limited by anti-trust or similar legislation, and even if compliant with anti-trust legislation the Group may not be able to consummate such transactions, undertake such activities or implement new services successfully due to disruptions in the Group's activities, an increase in the risk of operations, or due to the loss of its neutral position as a result of an MNO having obtained either (i) more than 50% of the voting rights or (ii) the right to appoint or dismiss the majority of the members of the board. Any of previously-mentioned events could negatively impact the Group's business and its prospects.

The Group is subject to a series of risks and uncertainties, including failing to obtain the expected returns and financial objectives, increased costs, assumed liabilities, the diversion of managerial attention due to acquisitions and potential structural changes such as mergers or consolidations of its competitors.

Any international expansion initiative is subject to additional risks such as the laws, regulations and complex business practices. Furthermore, there are additional risks associated with doing business internationally, including changes in a specific country's or region's political or economic conditions, inflation or currency devaluation, expropriation or governmental regulation restricting foreign ownership or requiring reversion or divestiture, increases in the cost of labour (as a result of unionisation or otherwise), power and other goods and services required for the Group's operations and changes in consumer price indexes in foreign countries.

Achieving the benefits of new acquisitions depends in part on timely and efficiently integrating operations, communications, infrastructure portfolios and personnel. Integration may be difficult and unpredictable for many reasons, including, among other things, differing systems and processes, cultural differences, customary business practices and conflicting policies, procedures and operations. In addition, integrating businesses may significantly burden management and internal resources, including the potential loss or unavailability of key personnel.

The potential acquisition of minority interests in other companies that manage telecom infrastructure or similar companies or the entry by the Group into joint ventures or other arrangements where it does not have control over the investment vehicle, could result in not achieving the expected rate of return on the relevant investment. Such event may occur if the interests of other shareholders are not the same as the Group's, because the underlying business does not perform as expected or because of an impairment in the value of such investment among other reasons.

As a result, the Group's foreign operations and expansion initiatives may not succeed as expected and may materially and adversely affect its business, prospects, results of operations, financial condition and cash flows.

v) Operational risks

The sector where the Group develops its activities is characterized by rapid technological changes and it is essential to be able to offer the products and services demanded by the market and to select the appropriate investments.

The development and implementation of new technologies designed to enhance the efficiency of wireless networks or new technologies developing alternative network solutions (either broadcasting infrastructure or alternative technologies to the network services provided), or changes in the Group customers' business models, could reduce the need for infrastructure-based wireless services, reduce the need for broadcasting or network services, decrease demand for the Group's infrastructure space or reduce rates or other fees obtained in the past. In this regard, the Group faces the risk that its customers may not adopt the technologies the Group invests in. For example, as communication technologies continue to develop, competitors may be able to offer wireless telecom infrastructure products and services that are, or that are perceived to be, substantially similar to or better than those offered by the Group, or offer technologies that provide similar functionality with competitive prices and with comparable or superior quality.

The Group cannot be certain that existing, proposed or as yet undeveloped technologies (including, for example, "Small Cells", DAS, 5G or wide spectrum radio) will not become dominant in the future and render the technologies and infrastructure the Group currently uses obsolete. Should the Group's competitors develop and commercialize new technologies designed to improve and enhance the range and effectiveness of wireless telecom networks, it could significantly decrease demand for existing infrastructure. The Group's business and growth prospects could be jeopardized if it was not able to promptly identify and adapt to shifting technological solutions and/or if it failed to acquire or develop the necessary capabilities and expertise to meet the clients' changing needs. The development and implementation of new services with a significant technological component is also subject to inherent risks that the Group may not be able to overcome.

In addition, customers of the Group's services may reduce the budgets they may have allocated to the Group's telecom infrastructure, broadcasting infrastructure or other services, as the industry constantly invests in the development and implementation of new technologies or because of changes in their business model. Examples of these technologies include spectrally efficient technologies, which could reduce the Group customers' network capacity needs and as a result could reduce the demand for infrastructure-based wireless services.

Moreover, certain Small Cell-based complementary network technologies, in which the Group is actively working, could shift a portion of its customers' investments away from the traditional infrastructure-based networks, which may reduce the need for MNOs to add more equipment at communication infrastructures. Moreover, the emergence of alternative technologies could reduce the need for infrastructure-based broadcast or network services. For example, the growth in the delivery of wireless communications, radio and video services by direct broadcast satellites could materially and adversely affect demand for the Group's infrastructure services. Further, a customer may decide to no longer outsource infrastructures or otherwise change its business model, which would result in a decrease in the Group's revenue.

In the Broadcasting Infrastructure activity, DTT is the method most widely used to transmit TV signals in Europe but an eventual unexpected increase in Spain of the use of alternative distribution platforms (such as satellite, cable or IPTV) or the growth and deployment of Wi-Fi network could reduce the Group's current business volume. In the Other Network Services activity the Group uses, among other technologies, TETRA services technology or radio links to deliver its services, and the use of alternative technologies could reduce its revenues and limit potential future growth. The development and implementation of any of these and similar technologies, as well as of new products and technologies, may render some of the products and services offered by the Group obsolete which could have a material adverse effect on its business, prospects, results of operations, financial condition and cash flows.

vi) Risks related to maintaining the rights over land where the Group's infrastructures are located.

The Group's real property interests relating to its infrastructures consist primarily of ownership interests, fee interests, easements, licenses and rights-of-way. A loss of these interests at a particular infrastructure may interfere with the Group's ability to operate infrastructures and generate revenues. In the context of acquisitions, the Group may not always have the ability to access, analyse and verify all information regarding titles and other issues prior to completing an acquisition of infrastructures and the absence of title or other issues can affect the Group's rights to access and operate an infrastructure.

The Group owns the majority of the telecommunications infrastructures it operates; however, the vast majority of the land where the infrastructures are located is operated and managed via lease contracts, sub-lease contracts or other types of contracts with third parties. Thus, for various reasons, the property owners could decide not to renew, or to adversely amend the terms of, the ground lease contracts with the Group. In particular, the increasing presence of ground lease aggregators may negatively affect the Group ability to renew those contracts under commercially acceptable terms. For instance, the Group could lose its rights over the land, the land could be transferred to third parties or reversion of assets may be mandatory at the end of the relevant concession period. The Group also has long-term rights to use third party infrastructures and the non-compliance with its obligations would lead to the loss of the right to use these infrastructures. Lastly, in the future the Group must revert back to the corresponding government authorities certain assets under the terms of certain concession agreements.

The Group's inability to protect its rights to use the land where the infrastructures are located may have a material adverse effect on its business, prospects, results of operations, financial condition and cash flows.

Likewise, and in line with the Group's industry peers that operate telecom or broadcasting infrastructure, the Group may not always have all the necessary licenses and permits of its infrastructure assets. The lack of necessary licenses, property titles and permits could give rise to monetary fines and, as an interim measure, the authorities could order that the affected equipment or infrastructures be sealed-off or even decommissioned until the required authorization or license is obtained. Criminal liability could also arise in certain circumstances.

To minimise these risks, the Group has specific control policies, procedures, plans and systems for each area which are periodically reviewed and updated by specific external auditors for each area (financial reporting, quality, occupational risks, etc.). The Group also continually monitors and analyses its insurable risks and has implemented an insurance programme to ensure a level of coverage and risk in keeping with the policies that have been introduced.

vii) Risks inherent in the businesses acquired and the Group's international expansion.

Despite actively pursuing the internationalization of the Group's business as a mean of risk exposure diversification, the Group still concentrates its activities mainly in two markets: Spain and Italy, whose economies are showing signs of improvement after a period of economic and financial uncertainty. The Group cannot assure, however, that this improvement will be sustained or that other countries where it operates will not experience further difficulties in the future.

The Group's customers in Spain and Italy represent a significant portion of its revenues, especially exposing it to risks specific to these countries. Adverse economic conditions may have a negative impact on demand for the services provided and on the customers' ability to meet their payment obligations. In periods of recession, such as the one experienced by Spain and Italy in recent years, the demand for the Group' services also tends to decline, adversely affecting its results of operations. The challenging economic conditions in Spain and Italy in recent years have affected the financial condition of the Group's clients, and have impacted demand for wireless communication and wireless infrastructure as well as the revenues generated by advertising in the media, and have adversely affected all of the Group's lines of activity.

Likewise, as the Group is now present in new countries, it is directly exposed to each of such countries political and economic situations, and may be adversely affected by their potential instability. The Group is unable to predict how the economic and political cycle in such locations will develop in the short-term or the coming years or whether there will be a deterioration in political stability.

In addition, the financial situation and political instability, geopolitical tensions in the Middle East, growth of anti-EU political parties as well as emerging political forces in member states of the EU with alternative economic policies and priorities, concerns about independence movements within the EU and Spain, and military and terrorist actions in Europe and elsewhere in the world could affect the economic situation in the EU and elsewhere, and could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

Because of the Group growing presence in the UK, it faces the risk of political and economy uncertainty derived from UK's decision to leave the EU. The timing of, and process for, the negotiations and the resulting terms of the UK future economic, trading and legal relationships are uncertain.

Due to the Group growing presence in other European countries, it is also increasing its exposure to other global economic and political events. Changes in the international financial markets' conditions pose a challenge to the Group ability to adapt to them as they may have an impact on its business. Growing public debt, reduced growth rates and any measures of monetary policy that may be implemented in the future in the credit markets all could affect the Group's business. A change in any of these factors could affect the Group's ability to access the capital markets and the terms and conditions under which it can access such markets, which could have a material adverse effect on the Group business, prospects, results of operations, financial condition and cash flows.

In addition to the abovementioned risks related to carrying out the Group activities internationally, it may be exposed to the following risks:

- changes to existing or new tax laws or international tax treaties, methodologies impacting the Group's international operations, or fees directed specifically at the ownership and operation of communications infrastructures or its international acquisitions, which may be applied or enforced retroactively;
- tax authorities could interpret the laws in a different way than Cellnex (for example the interpretation of scope of RETT[13] – Real Estate Transfer Tax);
- laws or regulations that tax or otherwise restrict repatriation of earnings or other funds or otherwise limit distributions of capital;
- changes in a specific country's or region's political or economic conditions, including changes in the government, political goals, inflation, deflation or currency devaluation;
- changes in governmental priorities, including subsidies offered by one or more jurisdictions; expropriation or governmental regulation restricting foreign ownership or requiring reversion or divestiture;
- material infrastructure security issues;
- increases in the cost of labor (as a result of unionization or otherwise), power and other goods and services required for the Group's operations;
- price setting or other similar laws for the sharing of passive infrastructure;
- uncertain rulings or results from legal or judicial systems, including inconsistencies among and within laws, regulations and decrees, and judicial application thereof, which may occasionally be enforced retroactively, and delays in the judicial process;
- changes in consumer price indexes in foreign countries; and
- force majeure events affecting any or several countries in which the Group carry out its activities.

viii) Risk associated with significant agreements signed by the Group that could be modified due to change of control clauses

Material contracts entered into by Group companies could be modified or terminated if a change of control clause is triggered. A change of control clause may be triggered if a third party, either alone or in conjunction with others, obtains "control" (which is generally defined as having (i) more than 50% of shares with voting rights or (ii) the right to appoint or dismiss the majority of the members of the board of directors) of the relevant Group company. A change of control clause may be capable of being triggered at Parent Company level or at the level of the relevant subsidiary that has entered into the contract. In certain contracts, the definition of control, and therefore of a change of control, makes specific reference to the applicable law of the relevant country.

Both the Group bonds and bank financing contracts include certain change of control clauses which could trigger an early repayment under the respective debt contract. With regards to the material contracts entered into by Group companies with anchor customers, the triggering of a change of control provision is generally limited to the situation where the acquiring company is a competitor of the anchor customer. In such circumstances, the anchor customer may be granted an option to buy back

(13) RETT ("Real Estate Transfer Tax", en sus siglas en inglés), es una tasa impositiva que grava la adquisición de propiedad legal o beneficiaria de activos inmobiliarios. Dicha tasa impositiva se aplica sobre el mayor valor entre el valor razonable de la propiedad inmobiliaria transferida y el precio de transacción.

assets (generally the infrastructures where they are being serviced). In addition, such buy back option may also be granted in the event that a competitor of the anchor customer acquires a significant portion of the shares or obtains voting or governance rights which can be exercised in a way that can negatively affect the anchor customer's interests. Finally, buy back options may also be exercised in case of a manifest breach by a Group company of its contractual obligations under the services agreements with its customers.

If a change of control clause included in any of the Group's material contracts is triggered, it may materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

ix) Risk related to the non-control of certain subsidiaries

Although Cellnex has full control and a 100% stake in the vast majority of its subsidiaries, Cellnex has made and may continue to make equity investments, which may include minority investments, in certain strategic assets managed by or together with third parties, including governmental entities and private entities.

Investments in assets over which Cellnex has no partial, joint or total control are subject to the risk that the other shareholders of the assets (making use their minority rights), who may have different business or investment strategies than Cellnex or with whom it may have a disagreement or dispute, may have the ability to independently make or block business, financial or management decisions, such as the decision to distribute dividends or appoint members of management, which may be crucial to the success of the project or Cellnex's investment in the project, or otherwise implement initiatives which may be contrary to its interests, creating impasses on decisions and affecting its ability to implement the foreseen strategy. Additionally, the approval of other shareholders or partners may be required to sell, pledge, transfer, assign or otherwise convey Cellnex's interest in such assets. Alternatively, other shareholders may have rights of first refusal or rights of first offer in the event of a proposed sale or transfer of Cellnex's interests in such assets. These restrictions may limit the price or interest level for Cellnex's interests in such assets, in the event it wants to dispose such interests.

Cellnex's partners may become insolvent or file for bankruptcy at any time, or fail to fund their share of any capital contribution that might be required. Finally, Cellnex's partners in existing or future projects may be unable, or unwilling, to fulfil their obligations under the relevant shareholder agreements or may experience financial or other difficulties that may adversely affect Cellnex's investment in a particular joint venture. This may result in litigation or arbitration procedures generating costs and diverting Cellnex's management team from their other managerial tasks. In certain of Cellnex's joint ventures, it may also be reliant on the particular expertise of its partners and, as a result, any failure to perform Cellnex's obligations in a diligent manner could also adversely affect the joint venture. If any of the foregoing were to occur, Cellnex's business, prospects, results of operations, financial condition and cash flows could be materially and adversely affected.

x) Risks related to execution of Cellnex's acquisition strategy

Cellnex' strategy includes the aim to strengthen and expand its operations, among others, through acquisitions. This strategy of growth through acquisitions may expose Cellnex to operational challenges and risks, such as the need to identify potential acquisition opportunities on favourable terms. It also may expose Cellnex to other risks such as the diversion of management's attention from existing business or the potential impairment of acquired intangible assets, including goodwill, as well as the incurrence of liabilities or other claims from acquired businesses.

Prior to entering into the agreements for acquisitions, Cellnex generally performs due diligence in respect of a proposed investment, but such inspection is limited by nature. The assets acquired by Cellnex may be subject to hidden material defects that were not apparent or discovered or otherwise considered by it at the time of acquisition. To the extent Cellnex or other third parties underestimated or failed to identify risks and liabilities associated with an acquisition, it may incur, directly or indirectly, in unexpected liabilities, such as defects in title, an inability to obtain permits enabling Cellnex to use the underlying infrastructure as intended, environmental, structural or operational defects or liabilities requiring remediation. Failure to identify any defects, liabilities or risks could result in Cellnex having acquired assets which are not consistent with its investment strategy which are difficult to integrate with the rest of the portfolio or which fail to perform in accordance with expectations, and/or adversely affect Cellnex's reputation, which, in turn, could have a material adverse effect on its business, prospects, results of operations, financial condition and cash flows.

Generally, if Cellnex cannot identify, implement or integrate attractive acquisition opportunities on favourable terms or at all, it could adversely impact its ability to execute the foreseen growth strategy.

xi) Regulatory and other similar risks

Risks related to changes in tax and legal regulations and socio-political changes are also significant given that the Group carries out an activity subject to government regulations, as well as the regulatory framework applicable in the European Union ("EU") which some of them could be applied or enforced retroactively, on the manner in which the Group carries out its business. The main rules applicable to the Group and its customers include the availability and granting of licences for use of the spectrum, the rates for its use, and the commercial framework for the sale of terrestrial radio broadcasting assets and the obligations imposed on the Group by the Spanish competition authorities in relation to its broadcasting infrastructure activities.

Moreover, environmental and health regulation imposes additional costs and may affect the Group's results of operations. In the countries in which the Group operates, it is subject to environmental laws and regulations, as well as to the EU laws and regulations, concerning issues such as damage caused by air emissions, noise emissions and electro-magnetic radiation. These laws can impose liability for non-compliance, are increasingly stringent and may in the future create substantial environmental compliance liabilities and costs.

Public perception of possible health risks associated with cellular and other wireless communications technologies could affect the growth of wireless companies, which could in turn slow down the Group's growth. In particular, negative public perception of these health risks could undermine the market acceptance of wireless communications services, increase opposition to the development and expansion of telecom infrastructures and lead to price increases of the infrastructure services where the infrastructures are located. The potential connection between radio frequency emissions and certain negative health or environmental effects has been the subject of substantial study by the scientific community in recent years and numerous health-related lawsuits have been filed against wireless carriers and wireless device manufacturers. If a scientific study or court decision in the jurisdictions in which the Group operates or elsewhere resulted in a finding that radio frequency emissions pose health risks to consumers, it could negatively impact the Group's customers and the market for wireless services, which could materially and adversely affect the Group's business, prospects, financial condition, results of operations and cash flows. The Group insurance coverage may not be sufficient to cover all or a substantial portion of any liability it may have.

The Group' services are affected by the current electromagnetic emission rules applicable in terms of controlling the emissions coming from equipment of the Group's customers hosted by the Group. In particular, in the case of rules limiting electromagnetic emissions by mobile operators, the mobile operators, as owners of their equipment, are subject and are liable for the emissions that come from their equipment, although such equipment is hosted in the Group's infrastructures. Such rules could limit the Group's growth capacity and any change in the electromagnetic emission rules may adversely affect its business, prospects, results of operations, financial condition and cash flows.

The Group mitigates the risks to which it is exposed from possible regulatory changes through coordination in the relevant areas to ensure that prevailing local legislation is adhered to and that it is able to anticipate regulatory changes.

xii) Litigation

The Group is subject to the risk of legal claims and proceedings and regulatory enforcement actions in the ordinary course of business and otherwise. The results of legal and regulatory proceedings cannot be predicted with certainty. The Group cannot guarantee that the results of current or future legal or regulatory proceedings or actions will not materially harm the Group's business, prospects, financial condition, results of operations or cash flows, nor can it guarantee that it will not incur losses in connection with current or future legal or regulatory proceedings or actions that exceed any provisions that it may have set aside in respect of such proceedings or actions or that exceed any available insurance coverage, which may have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

Risk related to the financial information

xiii) Financial information, fraud and compliance risks

The Group's operations are also subject to anti-bribery and anti-corruption laws and regulations that govern and affect where and how its business may be conducted. The Group has established certain systems to monitor compliance with applicable laws and regulations and it will provide training to its employees to facilitate compliance with such laws and regulations.

The Cellnex Group has a code of conduct (Ethics' Code) approved by the Board of Directors. The corporation prepares an Ethics' Code Framework which is adapted in each country by way of the drawing up of a local ethics regulation which combines observance of corporate guidelines with the specific features certain countries may have on particular matters. The Ethics' Code is communicated to all employees, is available on the corporate intranet and forms part of the training received by new staff. In addition, other mechanisms exist to ensure awareness by employees.

The Group has created a corporate compliance function to improve compliance with the Group's Ethics' Code, implemented through specific regulations for each country and the establishment of whistle-blowing channels and the supervision of oversight and control measures to prevent criminal acts. The main values and principles included in the Ethics' Code are: integrity, honesty, transparency, loyalty, commitment to and defence of Group interests, and responsibility in all actions. The Ethics' Code includes among its fundamental principles the commitment to strictly comply with the obligation of the Group to offer reliable financial information prepared in accordance with applicable regulations, and the responsibility of its employees and management to ensure this is so, both by correctly carrying out of their functions and by notifying the governing bodies of any circumstance which might affect that undertaking.

To mitigate risks relating to financial reporting and to ensure the reliability of such information, the Group has established an Internal Control over Financial Reporting System (ICFRS). The Group has a corporate risk control unit that is responsible for carrying out tests to verify compliance with the policies, manuals and procedures defined for the ICFRS, and for validating the effectiveness of controls in place to mitigate the risks related to these processes.

However, there can be no assurance that any policies and procedures established by the Group will be followed at all times or effectively detect and prevent all violations of the applicable laws and regulations in every jurisdiction in which one or more of the Group employees, consultants, agents, commercial partners, contractors, sub-contractors or joint venture partners are located. As a result, the Group could be subject to penalties and reputational damage if its employees, agents, suppliers or business partners take actions in violation of the compliance systems as well as violate any anti-corruption or anti-bribery laws. Violations of such laws may also lead to other consequences such as the early termination of the financing contracts, which, together with the above, could materially and adversely affect the Group business, prospects, financial conditions, results of operations and/or cash flows.

xiv) Expected contracted revenue (backlog)

Expected contracted revenues from the service agreements (backlog) represents management's estimate of the amount of contracted revenues that the Group expects will result in future revenue from certain existing contracts. This amount is based on a number of assumptions and estimates, including assumptions related to the performance of a number of the existing contracts at a particular date but do not include adjustments for inflation.

One of the main assumptions for calculating backlog is the automatic renewal of contracts for services with the Group's anchor customers. Such contracts have renewable terms including, in some cases, 'all or nothing' clauses that only allow the renewal of the entire portfolio of the relevant project (not the renewal of a portion thereof) on terms that are generally pre-agreed and may result in an increase or a decrease in price, within certain parameters. In some instances, the contracts for services may be cancelled under certain circumstances by the customer at short notice without penalty.

The Group definition of backlog may not necessarily be the same as that used by other companies engaged in similar activities. As a result, the amount of the Group backlog may not be comparable to the backlog reported by such other companies. The realization of the Group backlog estimates is further affected by the performance under its contracts. The ability to execute the Group's backlog is dependent on its ability to meet the clients' operational needs, and if the Group was unable to meet such needs, the ability to execute the backlog could be adversely affected, which could materially affect the Group's business, prospects, financial condition, results of operations and cash flows. There can be no assurance that the revenue projected in the Group's backlog will be realized or, if realized, will result in profit. Contracts for services are occasionally modified by mutual consent. Because of potential changes in the scope or schedule of the services the Group provide to its clients, the Group cannot predict with certainty when or if its backlog will be realized. Even where a project proceeds as scheduled, it is possible that the client may default and fail to pay amounts owed to the Group. Delays, payment defaults or cancellations could reduce the amount of backlog currently estimated, and consequently, could inhibit the conversion of that backlog into revenues, which would in turn materially affect the Group business, prospects, financial condition, results of operations and cash flows.

Financial risks

xv) Foreign currency risk

As the Group reporting currency is the euro, fluctuations in the value of other currencies in which borrowings are instrumented and transactions are carried out with respect to the euro may have an effect in future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

Furthermore, since 2016 the Group also operates and holds assets in the UK and in Switzerland following completion of the Swiss Towers Acquisition, both countries outside de Eurozone. The Group is therefore exposed to foreign currency risks and in particular to the risk of currency fluctuation in connection with exchange rate between the euro, the pound sterling and the Swiss franc. The Group strategy for hedging foreign currency risk in investments in non-euro currencies tends towards a full hedge of this risk, and must be implemented over a reasonable period of time depending on the market and the prior assessment of the effect of the hedge. This hedge can be instrumented via derivatives or borrowings in local currency, which act as a natural hedge.

Although the majority of the Group transactions are denominated in euros, the volatility in converting into euro agreements denominated in pound sterling and Swiss francs may have negative consequences to the Group, affecting its overall business, prospects, financial condition, results of operations and/or cash flow generation.

xvi) Interest rate risk

The Group is exposed to interest rate risk through its current and non-current borrowings.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk, while fixed-rate borrowings expose the Group to fair value interest rate risk. Additionally any increase in interest rates would increase Group finance costs relating to variable-rate indebtedness and increase the costs of refinancing existing indebtedness and issuing new debt.

The aim of interest rate risk management is to strike a balance in the debt structure which makes it possible to minimise the volatility in the consolidated income statement in a multi-annual setting.

The Group can use derivative financial instruments to manage its financial risk, arising mainly from changes in interest rates. These derivative financial instruments are classified as cash flow hedges and recognised at fair value (both initially and subsequently). The required valuations were determined by analysing discounted cash flows using assumptions mainly based on the market conditions at the reporting date for unlisted derivative instruments (see Note 13 of the accompanying consolidated financial statements).

As at 31 December 2017 there are financing granted from third parties covered by interest rate hedging mechanisms (see Note 13 of the accompanying consolidated financial statements).

xvii) Credit risk

Each of the Group's main business activities (Telecom Infrastructure Services, Broadcasting Infrastructure and Other Network Services) obtain a significant portion of income from a limited number of customers, many of which are long-term customers and have high-value contracts with the Group.

The mobile network operators are the Group's main customers in the Telecom Infrastructure Services; television and radio broadcasting operators are the main clients in the broadcasting infrastructure; and certain central, regional and local government authorities, emergency and security forces, the public service sector and telecommunications operators are the main customers in its activities relating to Other Network Services.

The Group is sensitive to changes in the creditworthiness and financial strength of its main customers due to the importance of these key customers to the overall revenues. The long-term nature of certain Group contracts with customers and the historically high renewal ratio of these contracts helps to mitigate this risk.

The Group depends on the continued financial strength of its customers, some of which operate with substantial leverage and some of them are not investment grade or do not have a credit rating.

Given the nature of the Group's business, it has significant concentrations of credit risk, since there are significant accounts receivable as a result of having a limited number of customers. To mitigate this credit risk, the Group has in place contractual arrangements to transfer this risk to third parties via non-recourse factoring of trade receivables in which case the Group would not retain any credit risk.

The credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, and other debt, including unsettled receivables and committed transactions.

To mitigate this credit risk, the Group carries out derivative transactions and spot transactions mainly with banks with strong credit ratings as qualified by international rating agencies. The solvency of these institutions, as indicated in each institution's credit ratings, is reviewed periodically in order to perform active counterparty risk management.

During the years for which information is reported, no credit limits were exceeded and management does not expect to incur losses as a result of default by any of the counterparties indicated above. The provision recognised for doubtful debts is not significant compared with the balance of accounts receivable as at 31 December 2017.

xviii) Liquidity risk

The Group carries out a prudent management of liquidity risk, which involves maintaining cash and having access to a sufficient amount of financing through established credit facilities as well as the ability to settle market positions. Given the dynamic nature of the Group's businesses, the policy of the Group is to maintain flexibility in funding sources through the availability of committed credit facilities. Due to this policy the Group has available liquidity over EUR 2,000 million, considering cash and available credit lines, as at the date of approval for issue of these consolidated financial statements, and has no immediate debt maturities (the maturities of the Group's financial obligations are detailed in Note 13).

As a consequence of the aforementioned the Group considers that it has liquidity and access to medium and long-term financing that allows the Group to ensure the necessary resources to meet the potential commitments for future investments.

However, the Group may not be able to draw down or access liquid funds in a sufficient amount and at a reasonable cost to meet its payment obligations at all times. Failure to maintain adequate liquidity levels may materially and adversely affect the Group business, prospects, results of operations, financial conditions and/or cash flows, and, in extreme cases, threaten the Group future as a going concern and lead to insolvency.

xix) Inflation risk

A significant portion of the Group's operating costs could rise as a result of higher inflation. Further, most of the Group's infrastructure services contracts are indexed to inflation. As a consequence, its results of operations could be affected by inflation and/or deflation.

xx) Risk related to Group indebtedness

The Group's indebtedness may increase, from time to time, due to potential new acquisitions, fundamental changes to corporate structure or joint ventures and issuances made in connection with any of the foregoing. The Group present or future leverage could have significant negative consequences, including:

- Placing the Group at a possible competitive disadvantage to less leveraged competitors and competitors that may have better access to capital resources, including with respect to acquisitions and forcing the Group to forego certain business opportunities.
- Requiring the dedication of a substantial portion of cash flow from operations to service the debt, thereby reducing the amount of cash flow available for other purposes, including, among others, capital expenditures and dividends.
- Requiring the Group to issue debt or equity securities or to sell some of its core assets, possibly not on the best terms, to meet payment obligations.
- Accepting financial covenants in the financing contracts such as: debt limitation, cash restriction, pledge of assets, amongst others.
- Affecting the Group current corporate rating with a potential downgrade from a rating agency, which can make obtaining new financing more difficult and expensive.

As part of the acquisition financing of Cellnex Switzerland, the Group has to fulfil with a financial obligation that limits the total net debt to EBITDA of its subsidiary Cellnex Switzerland (see note 13 of these accompanying consolidated financial statements).

On 31 December 2017, Cellnex Switzerland is in compliance with the above-mentioned obligation. No other Group financing contracts are in default under any payment obligation, either of principal or interest and may distribute dividends without limitation.

A comprehensive list of risks to which the Group is exposed can be found in the public information released as at the date of the approval for issue of these consolidated financial statements.

Annex II. Other documents of a public nature

At the date of issue of the accompanying consolidated financial statements, information of a public nature is available, which must be read in conjunction with this Annual Integrated Report for the year 2017, and which is detailed below , on a non-exhaustive illustrative basis:

- Universal Registration Document (https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/)
- Prospectus Offer of Sale and Admission to Negotiate Shares of Cellnex Telecom, S.A.U (https://www.cellnextelecom.com/en/investor-relations/7838-2/).
- Supplement to the informative prospectus for the sale and admission to trading of shares of Cellnex Telecom, S.A.U. (https://www.cellnextelecom.com/en/investor-relations/7838-2/).
- Euro Medium Term Note Program (EMTN) Base Prospectus (https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/).
- Ratings Rating Agencies (https://www.cellnextelecom.com/en/rating-eng/).
- Report of the Board of Directors on Convertible Bonds (https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/).
- Auditor’s Report on Convertible Bonds (https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/).
- Corporate Policies (https://www.cellnextelecom.com/).
- Press releases (https://www.cellnextelecom.com/en/press-room/news/).
- Relevant Facts (https://cellnextelecom.com/en/investor-relations/relevant-facts/).

Annex III. GRI table

EXTERNAL VERIFICATION				
Indicators		2017 report	Content scope	External Verification
GENERAL CONTENT				
ORGANIZATORIAL PROFILE				
102-1	Name of the organization	Cellnex Telecom, S.A.	Cellnex Group	√
102-2	Activities, brands, products, and services	38-58	Cellnex Group	√
102-3	Location of headquarters	Juan Esplandiú, 11-13. 28007 Madrid	Cellnex Group	√
102-4	Location of operations	11-15	Cellnex Group	√
102-5	Ownership and legal form	Cellnex Telecom, S.A.	Cellnex Group	√
102-6	Markets served	11-15, 38-50	Cellnex Group	√
102-7	Scale of the organization	38-50, 18-31, 11-15, 73	Cellnex Group	√
102-8	Information on employees and other workers	73	España / Italy	√
102-9	Organizational structure, Value Chain, Supply Chain	15, 82, 83, 84	Cellnex Group	√
102-10	Significant changes to the organization and its supply chain	11-15, 82, 83, 84	Cellnex Group	√
102-11	Precautionary Principle or approach	65, 68, 69	Cellnex Group	√
102-12	External initiatives	89, 90	Cellnex Group	√
102-13	Membership of associations	86, 87	Cellnex Group	√
STRATEGY				
102-14	Statement from senior decision-maker	4-7	Cellnex Group	√
102-15	Key impacts, risks and opportunities	64, 65	Cellnex Group	√

GRI: 102-55

EXTERNAL VERIFICATION				
Indicators		2017 report	Content scope	External Verification
GENERAL CONTENT				
ETHICS AND INTEGRITY				
102-16	Values, principles, standards, and norms of behaviour	62-63	Cellnex Group	√
GOVERNANCE				
102-18	Governance structure	57-60	Cellnex Group	√
102-19	Delegating authority	67.68 Section C of the Annual Corporate Governance Report of 2017 (Annex I)	Cellnex Group	√
102-20	Executive-level responsibility for economic, environmental, and social topics	67.68 RSC policy, available in the following link: https://www.cellnextelecom.com/en/policy-cr/ Section C of the Annual Corporate Governance Report of 2017 (Annex I)	Cellnex Group	√
102-21	Consulting stakeholders on economic, environmental, and social topics	Section C of the Annual Corporate Governance Report of 2017 (Annex I)	Cellnex Group	√
102-22	Composition of the highest governance body and its committees	59-60	Cellnex Group	√
102-23	Chair of the highest governance body	59-60	Cellnex Group	√
102-24	Nominating and selecting the highest governance body	57, 58	Cellnex Group	√
102-25	Conflicts of interest	Section D of the Annual Corporate Governance Report of 2017 (Annex I)	Cellnex Group	√
102-26	Role of highest governance body in setting purpose, values, and strategy	Section C of the Annual Corporate Governance Report of 2017 (Annex I)	Cellnex Group	√
102-27	Collective knowledge of highest governance body	57-59	Cellnex Group	√
102-28	Evaluating the highest governance body's performance	59	Cellnex Group	√
102-29	Identifying and managing economic, environmental, and social impacts	Section C of the Annual Corporate Governance Report of 2017 (Annex I)	Cellnex Group	√

GRI: 102-55

EXTERNAL VERIFICATION				
Indicators		2017 report	Content scope	External Verification
102-30	Effectiveness of risk management processes[	Section C of the Annual Corporate Governance Report of 2017 (Annex I)	Cellnex Group	√
102-31	Review of economic, environmental, and social topics	Section C of the Annual Corporate Governance Report of 2017 (Annex I)	Cellnex Group	√
102-32	Highest governance body's role in sustainability reporting	Section C of the Annual Corporate Governance Report of 2017 (Annex I)	Cellnex Group	√
102-33	Communicating critical concerns	Section C of the Annual Corporate Governance Report of 2017 (Annex I)	Cellnex Group	√
102-34	Nature and total number of critical concerns	68, 69	Cellnex Group	√
102-35	Remuneration policies	Section C of the Annual Corporate Governance Report of 2017 (Annex I)	Cellnex Group	√
102-36	Process for determining remuneration	Section C of the Annual Corporate Governance Report of 2017 (Annex I)	Cellnex Group	√
102-37	Stakeholders' involvement in remuneration	Section A of the Annual Corporate Governance Report of 2017 (Annex I)	Cellnex Group	√
102-38	Annual total compensation ratio	The salary of person best paid with respect to the average salary of the Group without including the CEO is 21.06 times	Cellnex Group	√
102-39	Percentage increase in annual total compensation ratio	Confidential information		Information not verified
STAKEHOLDER ENGAGEMENT				
102-40	List of stakeholder groups	71	Cellnex Group	√
102-41	Collective bargaining agreements	78	Spain	√
102-42	Identifying and selecting stakeholders	71, 104	Cellnex Group	√
102-43	Approach to stakeholder engagement	71, 104	Cellnex Group	√
102-44	Key topics and concerns raised	71, 104	Cellnex Group	√

GRI: 102-55

EXTERNAL VERIFICATION				
Indicators		**2017 report**	**Content scope**	**External Verification**
REPORTING PRACTICE				
102-45	Entities included in the consolidated financial statements	Consolidated financial statements	Cellnex Group	√
102-46	Defining report content and topic Boundaries	103	Cellnex Group	√
102-47	List of material topics	104	Cellnex Group	√
102-48	Restatements of information	There have been no reformulations of information from Previous Reports.	Cellnex Group	√
102-49	Changes in reporting	The scope of this report has included Cellnex Spain and Italy, except for the breakdown information of staff, which has also included data of Cellnex France and Netherlands. From UK and Switzerland only financial data and total staff is reported (see section “Bases for the preparation of the Report).	Cellnex Group	√
102-50	Reporting period	Financial period	Cellnex Group	√
102-51	Date of most recent report	2016	Cellnex Group	√
102-52	Reporting cycle	Annual	Cellnex Group	√
102-53	Contact point for questions regarding the report	104	Cellnex Group	√
102-54	Claims of reporting in accordance with the GRI Standards	103	Cellnex Group	√
102-55	GRI content index	Annex IV	Cellnex Group	√
102-56	External assurance	Annex V	Cellnex Group	√
MANAGEMENT APPROACH				
103-1 (1)	Explanation of the material topic and its Boundary	104	Cellnex Group	√
103-2(1)	The management approach and its components	104	Spain / Italy	√
103-3(1)	Evaluation of the management approach	104	Cellnex Group	√

EXTERNAL VERIFICATION				
Indicators		2017 report	Content scope	External Verification
ECONOMIC STANDARDS				
ECONOMIC PERFORMANCE				
201-1	Value generated and distributed	31	Spain / Italy	√
MARKET PRESENCE				
202-2	Proportion of senior management hired from the local community	72, 73	Spain	√
INDIRECT ECONOMIC IMPACTS				
203-1	Infrastructure investments and services supported	21-28	Cellnex Group	√
PROCUREMENT PRACTICES				
204-1	Proportion of spending on local suppliers	83, 84	Spain / Italy	√
ANTI-CORRUPTION				
205-2	Communication and training about anti-corruption policies	63	Spain / Italy	√
ANTI-COMPETITIVE BEHAVIOR				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During the 2017 financial year, Cellnex has not been sued for practices of unfair or monopolistic competition, nor has it been initiated ex officio in this regard by the market and competition supervisory authorities. Likewise, no sanction has been imposed, pecuniary or not, related to the described practices.	Spain / Italy	√

GRI: 102-55

EXTERNAL VERIFICATION				
Indicators		2017 report	Content scope	External Verification
ENVIRONMENTAL STANDARDS				
ENERGY				
302-1	Energy consumption within the organization	95	Spain / Italy	Information verified by another independent third party. Our work consisted in verifying the sufficiency of the scope of the review and that the verified data is the same as the published one
302-2	Energy consumption outside of the organization	95	Spain / Italy	Information verified by another independent third party. Our work consisted in verifying the sufficiency of the scope of the review and that the verified data is the same as the published one.
302-3	Energy intensity	95	Spain	√
302-4	Reduction of energy consumption	95	Spain / Italy	√
BIODIVERSITY				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	98	Spain / Italy	√
304-2	Significant impacts of activities, products, and services on biodiversity	97, 98	Spain / Italy	√

EXTERNAL VERIFICATION				
Indicators		2017 report	Content scope	External Verification
EMISSIONS				
305-1	Direct (Scope 1) GHG emissions	96-97	Spain / Italy	Information verified by another independent third party. Our work consisted in verifying the sufficiency of the scope of the review and that the verified data is the same as the published one.
305-2	Energy indirect (Scope 2) GHG emissions	96-97	Spain / Italy	Information verified by another independent third party. Our work consisted in verifying the sufficiency of the scope of the review and that the verified data is the same as the published one.
305-3	Other indirect (Scope 3) GHG emissions	96-97	Spain / Italy	Information verified by another independent third party. Our work consisted in verifying the sufficiency of the scope of the review and that the verified data is the same as the published one.
305-5	Reduction of GHG emissions	95	Spain / Italy	Information verified by another independent third party. Our work consisted in verifying the sufficiency of the scope of the review and that the verified data is the same as the published one.

GRI: 102-55

EXTERNAL VERIFICATION				
Indicators		2017 report	Content scope	External Verification
ENVIRONMENTAL COMPLIANCE				
307-1	Non-compliance with environmental laws and regulations	There have been no environmental claims during the year 2017.	Spain / Italy	√
SUPPLIER ENVIRONMENTAL ASSESSMENT				
308-1	New suppliers that were screened using environmental criteria	84	Spain / Italy	√
SOCIAL STANDARDS				
EMPLOYMENT				
401-1	New employee hires and employee turnover	72, 73	Spain / Italy	√
LABOR/MANAGEMENT RELATIONS				
402-1	Minimum notice periods regarding operational changes	In Cellnex Spain the established notice periods are 2 weeks and in the case of Cellnex Italia the periods established in the agreements of the Collective Telecommunications Agreement are follow.	Spain / Italy	√
OCCUPATIONAL HEALTH AND SAFETY				
403-1	Workers representation in formal joint management–worker health and safety committees	78	Spain / Italy	√
TRAINING AND EDUCATION				
404-1	Average hours of training per year per employee	76	Spain / Italy	√
404-2	Programs for upgrading employee skills and transition assistance programs	76, 77	Spain / Italy	√
DIVERSITY AND EQUAL OPPORTUNITY				
405-1	Diversity of governance bodies and employees	59, 60, 73	Spain / Italy	√
405-2	Ratio of basic salary and remuneration of women to men	Confidential information		Information not verified

EXTERNAL VERIFICATION				
Indicators		2017 report	Content scope	External Verification
SUPPLIER SOCIAL ASSESSMENT				
414-1	New suppliers that were screened using social criteria	84	Spain / Italy	√
PUBLIC POLICY				
415-1	Political contributions	No economic or in-kind contributions have been made directly or indirectly to political parties.	Spain / Italy	It has been verified the existing policy related to this subject in the code of ethics
CUSTOMER HEALTH AND SAFETY				
416-1	Assessment of the health and safety impacts of product and services categories	98	Cellnex Group	√
COSTUMER PRIVACY				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	99	Spain / Italy	√

EXTERNAL VERIFICATION				
Indicators		2017 report	Content scope	External Verification
SOCIOECONOMIC COMPLIANCE				
419-1	Non-compliance with laws and regulations in the social and economic area	During the fiscal year 2017, the administrative contentious appeals brought before the National Court against the sanctions in the form of a fine imposed by the State Agency for Aviation Safety for infractions defined by Law 21/2003, of July 7th, were in the following state: (a) The sentence has been issued for dismissing Cellnex's contentious appeal against the sanction (Centro Artxanda-Bilbao); (b) Cellnex's contentious appeal against the sanction (Centro Bellaterra-Sabadell) is pending resolution; (c) The final ruling has been made by which the contentious appeal filed by Cellnex is accepted and which has determined the annulment of the sanction (Centro Addaia-Valencia).	Spain	√

(√) Verification carried out considering the described perimeter of the information.
(1) Throughout the report every time the management approach of any of Cellnex's material issues is described, it is indicated in the footnote referring to GRI 103-1, 103-2. 103-3.

GRI 102-8 Breakdown of the collective of workers by gender and type of contract

	Cellnex Spain				Cellnex Italy			
	2016		2017		2016		2017	
	Total	Women	Total	Women	Total	Women	Total	Women
Total number of employees	1,173	19.1%	1,211	19.7%	111	22.5%	126	27.7%
% of employees with a permanent contract from the total nº of employees	100%	19.1%	98.2%	19.2%	99.1%	22.5%	96.8%	26.2%
% of employees with a temporary contract from the total nº of employees	0.0%	0.0%	1.8%	0.5%	0.9%	0.0%	3.2%	1.6%

	Cellnex Netherlands				Cellnex France			
	2016		2017		2016		2017	
	Total	Women	Total	Women	Total	Women	Total	Women
Total number of employees	8	25%	25	28%	2	50%	21	42.9%
% of employees with a permanent contract from the total nº of employees	-	-	96%	24%	-	-	95.2%	38.1%
% of employees with a temporary contract from the total nº of employees	-	-	4%	4%	-	-	4.8%	4.8%

	Cellnex United Kingdom				Cellnex Switzerland			
	2016		2017		2016		2017	
	Total	Women	Total	Women	Total	Women	Total	Women
Total number of employees	9	33.3%	11	45.5%	0	0	9	33.3%
% of employees with a permanent contract from the total nº of employees	-	-	100%	45.5%	0	0	88.9%	22.2%
% of employees with a temporary contract from the total nº of employees	-	-	0%	0%	0	0	11.1%	11.1%

Distribution of employees by category	Cellnex Spain		Cellnex Italy	
	2016	2017	2016	2017
Senior Management	23	8	7	1
Directors, managers and heads of unit	75	99	3	7
Coordinators and other employees	1,075	1,104	101	118
TOTAL	1,173	1,211	111	126

In 2017, the professional categories for 2016 have been modified, accounting for the directors at the intermediate management level together with managers and unit heads, instead of senior management. Therefore, employee data by professional category vary considerably, with a decrease in the number of employees in senior management and an increase in employees in the range directors, managers and heads of unit.

	Men					Women					
	Permanent Contract Full-time	Permanent Contract Part-time	Temporary Contract Full-time	Temporary Contract Part-time	Total Men	Permanent Contract Full-time	Permanent Contract Part-time	Temporary Contract Full-time	Temporary Contract Part-time	Total Women	Totals
Cellnex Spain	957	0	16	0	973	232	0	6	0	238	1,211
Cellnex Italy	66	0	0	0	66	28	1	1	0	30	96

GRI 202-2: Proportion of Senior Managers hired from the local community in Cellnex Spain

Senior Managers hired from the local community	Senior Managers hired from abroad	Directors, Managers and Heads of unit form local community	Directors, Managers and Heads of unit form abroad	Coordinators and other employees form local community	Coordinators and other employees from abroad
8	0	94	5	1,096	8

GRI 305-1, 305-2, 305-3 GHG emissions in Cellnex Spain (tCO2 eq.)

Emissions of Cellnex Spain	2015	2016	2017
Scope 1	2,576	2,420	1,266
Scope 2	51,458	62,957	84,759
Scope 3	23,935	37,400	3,014

The difference between scope 2 and 3 emissions reported in 2016 and 2017 in Cellnex Spain is due to the change of criteria for the calculation of GHG emissions from operational to financial approach.

GRI 401-1 Total number of employees and average turnover, broken down by age group, gender and region

Distribution of employees by region	2014	2015	2016	2017
Spain	1,146	1,160	1,173	1,211
Rest of Europe	0	83	130	192
TOTAL	1,146	1,255	1,303	1,403

		Cellnex Spain (1)							
Turnover by age group	**Spain and Italy's total**	**Less than 30 years**		**From 30 to 45 years old**		**From 45 to 55 years old**		**Over 50 years old**	
	Recruitment	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**
Total number of signed contracts	181	56	18	52	15	17	1	2	1
% over all the contracts signed	100%	30.90%	9.90%	28.70%	8.30%	9.40%	0.60%	1.10%	30.9%
	Recruitment	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**
Total number of employees causing end of contracts	205	66	19	49	9	12	12	31	3
% over finalized contracts	100%	32.2%	9.3%	23.9%	4.4%	5.9%	5.9%	15.1%	1.5%

(1) The data relating to Spain takes into account employment registrations and cancellations, not workstations.

		Cellnex Italy							
Turnover by age group	**Spain and Italy's total**	**Less than 30 years**		**From 30 to 45 years old**		**From 45 to 55 years old**		**Over 50 years old**	
	Recruitment	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**
Total number of signed contracts	181	0	0	5	7	2	4	0	1
% over all the contracts signed	100%	0.0%	0.0%	2.76%	3.87%	1.1%	2.2%	0.0%	0.6%
	Recruitment	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**
Total number of employees causing end of contracts	205	0	0	0	0	0	0	4	0
% over finalized contracts	100%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%

GRI 404-1 Average hours of training per year per employee, broken down by gender and by job category

Training by investment and total hours (h)	Spain		Italy	
	2016	2017	2016	2017
Total investment made in training (euros)	480,126	451,421	87,106	98,800
Total number of training hours (h)	43,501	40,452	2,852	4,372

Annex IV. Independent Limited Assurance Report on Corporate Social Responsibility Indicators

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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Independent Assurance Report on the Corporate Responsibility Information included in the 2017 Consolidated Management Report of Cellnex Telecom, S.A. and Subsidiaries

To the Shareholders of Cellnex Telecom, S.A.,

Scope of our engagement

We have performed the review, with a scope of limited assurance, of the Corporate Responsibility Information (CRI) included in the 2017 Consolidated Management Report ("CMR" or "Report") of Cellnex Telecom, S.A. and subsidiaries ("Cellnex"), the scope of which is defined in the chapter "Basis for the preparation of the report". Our engagement consisted of reviewing:

- The adherence of the CRI to the Global Reporting Initiative Sustainability Reporting Standards ("GRI-SRSs"), according to its Core version, including the reliability and adequacy of the contents.
- The information provided in the CMR relating to the application of the principles of inclusivity, materiality and responsiveness set out in AccountAbility's AA1000 AccountAbility Principles Standard 2008 (AA1000APS).

Verification standards and procedures

We conducted a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with Guidelines for engagements relating to the review of Corporate Responsibility Reports issued by the Spanish Institute of Certified Public Accountants for the issuance of limited assurance reports. Also, we applied AccountAbility's AA1000 Assurance Standard (2008) (AA1000AS) to provide moderate assurance on the application of the principles established in AA1000 APS and on the sustainability performance indicators (type 2 moderate assurance).

Our review work consisted of making inquiries to management and the various areas and business units of Cellnex, reviewing the processes for gathering and validating the information presented in the CMR, and carrying out the following analytical procedures and sample-based review tests:

- Meetings with the management of Cellnex to ascertain the principles, systems and approaches applied in corporate social responsibility management.
- Review of the minutes of the meetings held in 2017 by the Board of Directors and its Commissions.
- Review of the steps taken in relation to the identification and consideration of stakeholders during the year and of the stakeholder participation processes, based on the analysis of the internal information and third-party reports available.
- Analysis of the coverage, materiality and completeness of the CRI on the basis of Cellnex's understanding of the requirements of its stakeholders in relation to the material issues identified by the organization and described in the "Basis for the preparation of the report" section of the Report.
- Review of the information relating to the management approaches applied and verification of the existence and scope of policies, systems and procedures in corporate social responsibility areas.
- Analysis of the adherence of the CRI to the GRI standards and verification that the contents disclosed agree with those required by such standards.
- Review on a sample basis, of the quantitative and qualitative information relating to the GRI contents and the adequate compilation thereof based on the data provided by the information sources of Cellnex from Spain and Italy.

Conclusions

The GRI Table of Contents in the Appendix to the 2017 CMR provides details of the content reviewed and the scope limitations of the review, and identifies any content that does not cover all the areas required by GRI-SRSs. As a result of the procedures applied and the evidence obtained, except for the matters identified in the aforementioned GRI Table of Contents, according to its Core version, nothing came to our attention that might lead us to believe that:

- The CRI included in the CMR was not prepared, in all material respects (including the reliability and adequacy of the reviewed information), in accordance with GRI-SRSs.
- Cellnex did not apply the principles of inclusivity, materiality and responsiveness as described in the Appendix "Basis for the preparation of the report" in the 2017 CMR in accordance with AA1000 APS (2008):
    - Inclusivity: Cellnex has developed a stakeholder participation process, enabling stakeholders to be involved in the development of a responsible approach.
    - Materiality: the materiality determination process is geared towards identifying and understanding the issues that are material or significant for Cellnex and its stakeholders.
    - Responsiveness: Cellnex responds, through specific actions and commitments, to the material issues identified.

Observations and recommendations

In addition, we presented our recommendations to Cellnex management regarding areas of improvement in the management and information reporting of CR and, specifically, the application of the principles of inclusivity, materiality and responsiveness. Below is a summary detailing the most significant observations and recommendations, which do not modify the conclusions expressed in this Report.

Inclusivity and materiality

In 2015, Cellnex performed a materiality study using a methodology based on the performance of inquiries specific to various stakeholders in Spain and on the analysis of publicly available information in relation to Cellnex. In order to continue improving the identification of material issues over the value chain as a whole, with a view to the analysis to be performed in 2018, it would be recommendable to go into more depth in relation to these material issues throughout the value chain taking into account also the growth plans of the group.

In 2017 Cellnex continued to make progress through the completion of the actions and projects defined in its 2012-2020 Corporate Social Responsibility Master Plan, which is the framework of reference and tool for the systemisation of the strategic objectives, the monitoring indicators, and the actions and programmes under way for each of the Plan's lines of action for each business unit in Spain. As a result of the Group's international expansion in Italy, France, the United Kingdom, the Netherlands and Switzerland, it would be convenient to extend and adapt the CSR Master Plan to the new business units to ensure compliance with the Corporate Social Responsibility policy in these areas as well.

Responsiveness

Last year Cellnex continued to work in improving the quality and the integration of non-financial information in the management report. In order to continue improving the responsiveness of the information through the consolidation of the reporting process, it would be advisable to extend the perimeter of the data to the new businesses acquired and to incorporate new indicators that provide information, not only on the actions of corporate responsibility developed, but also on the impact of such actions on business.

DELOITTE, S.L.

Helena Redondo

15th February 2018

AA1000
Licensed Assurance Provider